FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,492 — Wednesday December 5 1984 — D 8523 B

Nordic economies outpace rest of Europe, Page 2

NEWS SUMMARY

GENERAL

Pact call to ban space missiles

Warsaw Pact countries ended a two-day meeting in East Berlin, saying that next month's U.S.-Soviet arms control talks in Geneva should aim to reduce and "completely eliminate" strategic and intermediate-range nuclear missiles in Europe and elsewhere while banning anti-ballistic missiles systems in space.

Nato defence ministers agreed in Brussels to more than double spending on projects to improve their ability to fight a conventional war in Europe. Page 18

Soviet President Konstantin Chernenko told visiting U.S. oil company chairman Dr Armand Hammer in Moscow that he would meet President Ronald Reagan if the U.S. agreed to ban first use of nuclear weapons. Page 3

Hostage shot

Four Arabic-speaking hijackers who seized a Karachi-bound Kuwaiti airliner with at least 155 people aboard shot one hostage dead but later released 44 women and children at Tehran airport.

Diplomat killed

Azmi al-Mufti, a top Jordanian diplomat, was shot dead in Bucharest and Romanian authorities said they arrested a Palestinian student for the killing.

Centrists win

The centrist New National Party, led by former chief minister Herbert Blaize, 66, won a landslide victory in the Grenada election 13 months after the U.S.-led invasion. Page 5

EEC famine aid

European Community leaders pledged at their summit meeting in Dublin to send 1.2m tonnes of grain to Africa next year to help famine-hit countries – 60 per cent of the estimated 2m tonnes of food aid needed in 1985.

Director quits

André Laurens, managing director of the troubled French daily Le Monde, is to step down after staff rejected his rescue plan for the newspaper. Page 3

Fuel train in crash

Two people died and 77 were injured when a passenger train ran into the back of a freight train carrying fuel at Salford, north-west England. Passengers scrambled clear as fuel tanks exploded.

Government snubbed

Bolivian Workers' Confederation rejected government proposals for ending a six-day-old general strike in protest at austerity measures, which has aggravated fears of a coup.

Army losses

Left-wing guerrillas in El Salvador killed at least 42 soldiers in an attack 40 km south-east of the capital. Military sources described it as one of the heaviest blows to the army for months.

Tamil kidnap

A Tamil separatist group in Sri Lanka took nine hostages to back demands that the Government should release three guerrillas and pay $400,000.

Police injured

Two policemen were injured during clashes between police and about 500 left-wing demonstrators in Athens protesting against a meeting by extreme right-wing European Parliament members from Greece, France and Italy.

BUSINESS

Mesa in bid to control Phillips

T. BOONE PICKENS, the Texas oilman who masterminded the takeover of Gulf Corporation this year, announced plans to win control of Phillips Petroleum. Mesa Partners, including Mr Pickens's Mesa Petroleum and Wagner & Brown, announced that they held 5.7 per cent of Phillips and intended to make a tender offer for at least 15m shares, or 10 per cent of Phillips, at $60 a share.

DOLLAR lost ground in London, falling to DM 3.059 (DM 3.115), SwFr 2.5325 (SwFr 2.5655), FFr 9.37 (FFr 9.54) and Y246.4 (Y248.15). On Bank of England figures, the dollar's exchange index fell from 143.3 to 142.2. In New York it closed at DM 3.064, SwFr 2.534, Y246.35 and FFr 9.3825. Page 41

STERLING improved against the dollar in London, rising 1.45 cents to $1.2095. It also rose to Y298.0 (Y296.5) but was weaker at DM 3.7 (DM 3.725), SwFr 3.0625 (SwFr 3.065) and FFr 11.3325 (FFr 11.39). Its exchange-rate index improved to 74.7 from 74.5. In New York it closed at $1.2105. Page 41

WALL STREET: The Dow Jones industrial average closed 2.65 up at 1,185.07. Section III

LONDON gilts gained nearly a point, aided by sterling's improvement and institutional funds not used by the British Telecom sales. BT continued to dominate equities, where selling took the FT Ordinary index down 7.4 to 917.5. Section III

TOKYO stocks reached a fourth successive record on the Nikkei-Dow market average, which gained 63.86 to 11,577.44 in lively trading. Section III

GOLD rose $1.50 an ounce in the London bullion market to $332. It also improved in Zurich to $331.85. In New York, the Comex December settlement was $329.80. Page 40

JAPAN'S retail confectionery sales are running 15 per cent below last year's levels after the extortion campaign against two of the larger sweet manufacturers. Page 18

NORWAY'S state oil company, Statoil, which has been selling its crude at official prices 35 cents above comparable UK crudes, is expected to announce today that it will match the lower North Sea prices for the rest of the year. Page 18

REAGAN Administration is examining proposals drastically to cut farm price supports over the three years in an attempt to reduce U.S. federal budget deficits. Page 18

CAPE INDUSTRIES, the 67 per cent-owned UK building products subsidiary of Charter Consolidated, will today announce that it has written off about half its assets with the sale and closure of its fibre insulation division. Page 19

GHH, West Germany's largest mechanical engineering group, cut annual losses from DM 84m to DM 59m ($19.3m) in the year to June. Page 20

TRAFALGAR HOUSE, diversified UK shipping and construction group, increased pre-tax profits by 43 per cent to £113.15m ($135.78m) in the year to September 30, helped by a contribution from its fast-expanding oil and gas production activities. Page 25; Lex, Page 18

RENAULT, the French state-owned car group, has appointed a new head, M Pierre Sémérena, to its troubled car division in an attempt to speed up its recovery and cut losses. Page 20

GEC, British industrial giant, raised first-half pre-tax profits by over 16 per cent to £332m ($398m), on turnover up to £2.43bn from £2.22bn. Page 24; Lex, Page 18

Union Carbide halts toxic gas output as India fears 1,200 deaths

UNION CARBIDE, the U.S. chemical company, yesterday imposed a worldwide ban on the production and shipment of methyl isocyanate, as the deaths caused by a leak of the highly toxic gas from the company's plant at Bhopal, central India, mounted to at least 600, Our Foreign Staff writes.

The company also sent a technical team from the U.S. to investigate the cause of what has already turned into one of the world's worst recent industrial disasters, surpassing that in Mexico last month, when at least 452 people were killed as a result of an explosion of natural gas.

The Indian authorities fear that the death toll might exceed 1,200 and that the local population might be severely affected in the long term. About 10,000 people have already received hospital treatment.

Mr Rajiv Gandhi, the Indian Prime Minister, said after a tour of the stricken city that his Government would in future ban the production of "dangerous" materials in heavily populated areas.

Meanwhile, the Indian authorities are reported to have ordered Union Carbide to pay compensation to the victims of the leak from the pesticide plant.

The U.S. company, which has issued a statement that it was "deeply concerned" about the incident, has pointed out that its Indian plant was virtually the same as its plant in West Virginia, which produces Sevin, of which methyl isocyanate is an important ingredient. The West Virginia plant had suffered no incidents in the 25 years it has been in operation.

Union Carbide has emphasised that both its U.S. and Indian plants – the only ones where the company uses methyl isocyanate – are equipped with sophisticated automatic safety features. They include "vent scrubbers," which are supposed to neutralise the chemical should any leakage occur, but apparently did not function properly at the Bhopal plant.

Union Carbide also said it had notified the U.S. Environmental Protection Agency and all state health agencies of the steps it was taking. It would make the results of its investigations freely available to competitors who also use the toxic chemical.

In Bhopal, the scene was one of desolation and horror. Rescue workers were still finding bodies 36 hours after the leak sent a mushroom cloud of gas into the sky and provoked a panic exodus from the city.

Eyewitnesses reported people still staggering along the streets under the effect of the gas. Teams of doctors treated victims at street corners, while 500 victims lay moaning on the floors of the Hamidia hospital. At the local Moslem cemetery, there are no more burial plots and each grave is being shared by two victims.

Local doctors, interviewed by journalists, said there was a danger that survivors might lose their eyesight, suffer circulatory trouble, and that women's fertility might be affected.

Mr Kent Anger of the National Institute for Occupational Safety and Health in Cincinnati, said that, when inhaled, the toxic gas replaced iron in the blood's oxygen-carrying haemoglobin with cyanide. That prevented the blood from carrying oxygen to the lungs and other parts of the body, causing the death of body cells.

PREVIOUS SERIOUS INDUSTRIAL ACCIDENTS

1921: Explosion at BASF chemical plant, Oppau, Germany, 561 dead.
1942: Coal dust explosion at Honkeiko colliery, China, 1,572 dead.
1947: Fertiliser ship explosion, Texas City, Texas, U.S., 561 dead.
1956: Dynamite trucks explosion, Cali, Colombia, 1,100 dead.
1974: Chemical plant explosion, Flixborough, Britain, 28 dead.
1975: Mine explosion, Chasnala, India, 431 dead.
1976: Chemical plant explosion, Seveso, Italy, highly toxic dioxin forced evacuation of 700 people, killed hundreds of animals, and caused skin disease in nearly 200 people. Clean-up not completed until July 1984.
1979: Accident at biological and chemical warfare plant, at Novosibirsk, Soviet Union, 300 people reported dead from anthrax.
1984: Natural gas explosion on November 19 at Pemex plant, Mexico City. At least 452 dead, 4,248 injured, 31,000 residents evacuated.

EEC leaders open way for entry of Spain and Portugal

BY QUENTIN PEEL AND IVO DAWNAY IN DUBLIN

THE LEADERS of the European Community yesterday broke the stalemate blocking the way for Spain and Portugal to join the EEC. Success, however, came only after Greece had refused to endorse the deal they plan to offer the two countries in their negotiating position.

Mr Andreas Papandreou, the Greek Prime Minister, fought a strong rearguard action throughout the second day of the EEC heads of government summit in Dublin. He threatened to abort the entire enlargement arrangements unless he obtained a commitment to a massive increase in aid to the Mediterranean countries in the Community.

He failed to obtain that commitment but the 10 leaders succeeded in ending the summit with agreement on all the outstanding questions in their negotiating position towards Spain and Portugal.

Those included a crucial deal on wine production and further agreement on fisheries and imports of fruit and vegetables.

Previous failures to agree on all those headings threatened to delay the talks with the two applicants so long that they would be unable to join the Community as planned on January 1, 1986.

Negotiations can now resume with Spain and Portugal and officials are confident that real progress can be made before the end of the year.

The Greek reservation, however, means that final agreement is unlikely to be achieved before the next summit meeting of the Community in March, pushing the timetable for enlargement very close to the limit.

M Claude Cheysson, French Foreign Minister, was named last night as the new French Commissioner to the EEC by President François Mitterrand. The appointment was widely expected and will lead to a small French government reshuffle before the end of this year. M Roland Dumas, the official French government spokesman and Minister for European Affairs, is widely expected to become Foreign Minister. M Cheysson was EEC Development Commissioner in 1973-81.

The key to the breakthrough on enlargement was agreement on a system to control wine production, by enforcing compulsory distillation of surplus output, reconciling the conflicting position of Italy, France and West Germany.

The deal was reached only yesterday morning, when Chancellor Helmut Kohl was reassured that West-German producers, many in his own constituency, will not be compelled to stop using sugar to increase the alcohol content of their wine. He also won an assurance that a maximum of 1m hectolitres a year of German wine will be compulsory distilled after 1988.

The euphoria surrounding the wine deal was immediately dispelled, however, by Mr Papandreou's assault on the subject of Mediterranean programmes. He demanded a five-year scheme worth Ecu 5bn ($3.6bn), for Greece, southern Italy and southern France, intended to help them cope with the increased cost and competition resulting from the membership of Spain and Portugal.

At one stage the Greek Premier walked out of the meeting when it was clear that there was little sympathy for his case.

Chancellor Kohl reportedly dismissed the Greek demand as "ludicrous" while Mrs Thatcher had an angry exchange with Mr Papandreou on Monday night on how the exhausted EEC budget could possibly provide enough finance.

The best offer made to Greece was a deal for Ecu 90m to be paid in 1985 and increasing sums each year thereafter, but unlikely to total anything more than Ecu 1bn over the five-year period.

Greece can expect to get about 38 per cent of the total.

Dr Garret FitzGerald, the Irish Prime Minister and current President of the European Council, said afterwards: "It was evident that the division between what the Greeks envisaged and that of other member states was too wide to be resolved at this meeting."

None the less, the agreement on wine, followed by the adoption of

Continued on Page 18

Ministers set to adopt curbs on budget growth, Page 3

Anglo American to merge gold mines

By Kenneth Marston in London

THE WORLD'S biggest single gold-mining complex is to be created in South Africa by Anglo American Corporation with the merger of its seven neighbouring mines in the Orange Free State.

On the basis of last quarter's operations, their combined gold production is running at an annual rate of nearly 116 tonnes. That compares with about 80 tonnes at the Vaal Reefs complex in South Africa's Klerksdorp area and a similar amount for the operations at Muruntau in the Soviet Union.

As the world's biggest producer of gold, South Africa's output in 1983 amounted to 680 tonnes out of a non-communist-world total of 1,088 tonnes. The Soviet Union is the second-biggest gold producer and although no official figures are disclosed, its output is thought to have been over 300 tonnes last year.

The companies involved in the OFS merger are: Free State Geduld, President Brand, President Steyn, Welkom, Western Holdings and Jeanette Gold Mines. It is expected that the merger will involve a share exchange into one of the companies. More details may be available in the annual reports which are due in two weeks' time.

Now past their prime, the mines still have large reserves of ore although the average gold content is low at about 6 grammes a tonne of ore. Large-scale working as one big operation will reduce costs and enhance profitability.

It will also allow the maximum extraction of ore reserves and that should extend the mines' lives by

Continued on Page 18

Mining news, Page 26; Stock Markets, Section III

Alexander plans to merge with Reed Stenhouse

BY TERRY DODSWORTH IN NEW YORK

ALEXANDER & ALEXANDER, the U.S. insurance broker, moved yesterday to consolidate its position as the second-largest group in the industry in an agreed $263m merger with Reed Stenhouse of Canada.

The merger agreement, which is subject to regulatory approval, would create an international group with approximately 17,100 employees operating throughout North America, Western Europe and Australasia. In size it would be very close to Marsh & McLennan, the U.S. company that has about the same number of employees but somewhat higher revenues, and a superior profits record.

Mr John Bogardus, chairman and chief executive officer of Alexander & Alexander, said that the rationale behind the agreement was to create operating efficiencies. "At a time when insurance and risk management are becoming increasingly international, this combination very effectively complements our respective strengths," he said.

Under the terms of the deal, Reed Stenhouse stockholders will receive the equivalent of two Alexander & Alexander shares for each three of their present holdings. Based on December 3 closing prices, that values Reed Stenhouse shares at approximately $15.83, or C$20.83. On Monday, Reed's shares finished at C$13.25, near the top of their recent trading range.

If the merger goes through as planned, Reed Stenhouse stockholders will hold about 28.8 per cent of Alexander & Alexander.

Mr Peter Densen, the group's chief financial officer, said that the share exchange was being structured so that both Reed Stenhouse's Canadian and UK shareholders would be able to retain their present dividend rights through domestically owned companies. About 70 per cent of the stock is held in Canada.

On the New York Stock Exchange, where Alexander & Alexander has itself been a takeover speculation in recent years, the initial reaction was to mark down the group's shares by $1½ to $22¾. Mr Myron Picoult, an insurance sector analyst from Oppenheimer, said the merger would combine "two weak companies to make one big weak one."

Alexander & Alexander met serious financial difficulties in 1982 after the acquisition of Alexander Howden in the UK. As a result, record profits of $58m in 1981 were turned into a loss of $24m in 1982 and only marginal profits in 1983.

Continued on Page 18

Lex, Page 18; Stock markets, Section III

TOP 10 BROKERS

	Company	Gross revenues ($m)
1	Marsh & McLennan*	959.6
2	Alexander & Alexander*	558.2
3	Frank B. Hall*	365.2
4	Johnson & Higgins*	336.5[1]
5	Sedgwick Group (UK)	300.3[2]
6	Fred S. James*	244.9
7	Reed Stenhouse (Can)	225.4[3]
8	Willis Faber (UK)	181.7[2]
9	Corroon & Black*	172.1
10	Rollins Burdick Hunter*	122.5

[1] Estimate, [2] Conversion rate on Dec 31 1983 – £1=$1.45, [3] Conversion rate on Dec 31 1983 – $1 Canadian = 76 cents. * U.S. firms

British Telecom shares fever sets record for traded options

BY RAY MAUGHAN AND DAVID LASCELLES IN LONDON

THE TRADED options market in London picked up the running in British Telecom shares yesterday, recording nearly a threefold rise on previous peak volume as dealers began to guess where the market's biggest new entrant would be priced in about eight months.

The previous record volume of 10,160 contracts in the traded options market was shattered when, with the huge stimulus of BT fever, dealers recorded 26,884 contracts.

For the price of a few pence, traded options give investors the right to buy or trade an investment at a fixed price on a fixed date. The market's professionals began to cover their bets on BT's future performance as the partly paid price of its shares fell slightly after the opening upsurge and came back 2p to 91p.

The betting was that British Telecom would continue to advance. The BT series which opened yesterday, accounted for the biggest slice of options business with 23,842 contracts and investors opened 15,677 "call" contracts, which anticipate a further improvement with the 8,165 "put" contracts from the bears expecting a slide on the opening heady heights.

Count Otto Lambsdorff, economic affairs spokesman of the liberal Free Democrats yesterday called on Bonn to follow Britain and take urgent steps to turn over state industry holdings to the public. Chancellor Helmut Kohl's Government has pledged to divest itself of part of its holdings. Count Lambsdorff called for early Cabinet approval of the divestment schedule.

BT American Deposity Receipts were also active in New York, with nearly 2m shares traded by midday. The price dipped by only $¼ to $10⅞, indicating that sellers were in a narrow majority. Dealers said that the stock was still being bought in New York by UK investors.

Building societies in Britain said yesterday that the outflow of savings due to the BT flotation had been no worse than expected, and would not affect their planned high level of mortgage lending for house purchases.

In fact, most societies expect a new inflow of savings as investors receive cheques returning money for shares they were unable to buy.

Mr Derek Booth, general manager of mortgages at National & Provincial, the country's sixth largest society, said the BT impact would be short-lived. "We still have money to lend home-buyers, and we anticipate that the amounts oversubscribed by the smaller investors will largely flow back to building societies over the next few weeks," he said.

Societies expect their prediction of a net outflow of £14bn due to BT will be fairly accurate although they will not know definitely until the return cheques are issued next week. Most of them, however, have ample funds to lend and are anxious that would-be borrowers are not deterred by reports of the drain they have suffered in the last fortnight.

Stock markets, Section III; BT goes to the U.S. for refurbished image, Page 9

CONTENTS

UK to share in West German wind-tunnel

BY RUPERT CORNWELL IN BONN

WEST GERMANY, Britain, France and the Netherlands are to go ahead with the construction of a supersonic wind-tunnel near Cologne, a venture which Herr Heinz Riesenhuber, the Bonn Technology Minister, yesterday called the most ambitious and expensive in the history of European aviation research.

Herr Heinz Riesenhuber

The DM 460m (£123m) installation is expected to become operational in 1994. Its cost will be met 38 per cent by West Germany and 28 per cent apiece by France and Britain, while the Hague Government will put up the remaining 6 per cent.

The idea behind the scheme, the fruit of "extraordinarily tough" negotiations between the four partners, is to underpin the West European aerospace industry in its challenge to the U.S. dominance of the sector, both for civilian and military projects.

Herr Riesenhuber said that the only comparable facility today was at Nasa's research centre in the U.S., to which European manufacturers had no access.

Herr Riesenhuber attempted, les than convincingly, to refute the notion that agreement for the tunnel to be built in West Germany was the fruit of a hard-fought trade-off with France.

Two German cities, Dortmund and Homburg in the Saarland, had tried without success to secure the European "Synchrotron" X-ray research centre. This $100m project will be located at Grenoble.

Only last month the decision of the Paris Government to opt for Grenoble rather than Strasbourg (as Bonn would have preferred) caused bitter demonstrations in Strasbourg against President Francois Mitterrand.

Industrial production rises 2.5%

By Our Bonn Correspondent

WEST GERMAN industrial production jumped 2.5 per cent in October from the previous month, underlining the strength of the rebound after the disruption caused by the long strike in the engineering industry during the summer.

Figures from the Economics Ministry in Bonn show that output in September and October was running at the same high level of July and August, when catch-up after production losses from the strike gave an artificial boost to the performance of many companies.

Production by manufacturing industry is now running 4 per cent above a year ago. In the key capital goods sector, the increase is 7 per cent.

However, the improvement has not been enough to make much of a dent in unemployment. Statistics for November show 2.19m, or 8.8 per cent of West Germans registered as out of work, 0.2 per cent up on October.

Nordic growth 'outpacing rest of Europe'

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

GROWTH IN the Nordic economies in clearly outpacing the rest of Europe, although the expansion in 1985 is likely to be slower than during 1984.

"For Scandinavia, 1984-85 must be considered as years of high economic activity in line with 1978-79 and part of 1980," says the latest report on the Nordic countries' business outlook published by four of the region's leading banks, Svenska Handelsbanken, Copenhagen Handelsbank, Den Norsk Creditbank and Kansallis-Osake-Pankki.

GROSS DOMESTIC PRODUCT
Change in volume, per cent

	1982	1983	1984	1985*
Denmark	3.5	2.5	4	3
Finland	2.8	3	5	5
Norway	1.0	3	3	2.5
Sweden	0.5	2.3	3.1	1.8
Nordic countries	1.8	2.7	3.7	2.9

* Forecast.

Source: Svenska Handelsbanken, Kansallis-Osake-Pankki, Den Norske Creditbank, Copenhagen Handelsbank

The gross domestic product of the four countries is expected to grow by some 3.7 per cent this year compared with 2.7 per cent in 1983 and 1.8 per cent in 1982.

The banks forecast continued growth of some 2.9 per cent in 1985.

The improved activity has come chiefly from booming exports, and the Nordic countries have benefited particularly from the fast expansion of the U.S. economy.

Capacities in certain key export sectors are now fully utilised, says the report, particularly in the Finnish paper industry and in Norwegian pulp and paper and ferro-alloys and aluminium production.

Higher production levels have helped reduce the number of unemployed, but there are still considerable numbers out of work, especially in Denmark.

In addition, both Norway and Sweden are spending large sums on job creation and relief work programmes, which help to reduce the official unemployment figures.

In Denmark, the rate of unemployment is currently around 10 per cent compared with 5 per cent in Finland, 4 per cent in Norway, and close to 3 per cent in Sweden.

All four countries have laid great emphasis on trying to reduce inflation in order to protect the international competitiveness of their export industries. But particularly in Sweden, inflation is still running well above the level of its main competitors in world markets.

The banks expect the annual rate of inflation in Sweden to moderate only to 7 per cent next year from 7.5 per cent this year, whereas inflation in Finland is expected to fall to 5 per cent from 7 per cent this year.

Denmark has been most successful to date, cutting its inflation to 6.5 per cent this year. A further fall is expected to 5.6 per cent in 1985, while inflation in Norway is likely to be unchanged at some 6.5 per cent.

Freedom of action in implementing economic policy is still limited in Denmark by the large deficit on the current account of the balance of payments, the report says.

Sweden is struggling with a higher inflation which could bring medium-term problems, say the banks.

The country's prospects in 1985 will depend on the relative development of Swedish costs, and the report warns that it is "improbable" that the Government will achieve its target of limiting the rise in wage costs to only 5 per cent next year.

Finland has generally outperformed the rest of the Nordic region in recent years and the banks say that the Finnish economy is still in a "phase of unusually balanced economic expansion."

Inflation has been slowing down, unemployment has declined, the trade balance has improved. Government borrowing has decreased, and "unlike previous upswings, there are no signs of overheating."

How Saint-Gobain is meeting its commitment on jobs

BY DAVID HOUSEGO IN PARIS

LARGE French industrial groups, forced to cut their own workforce by recession, have begun to help small companies create new jobs.

The strongest initiative has come from Saint-Gobain, the diversified glass and engineering group which has helped 115 small and medium size companies to creat some 3,400 new jobs in two years. Saint-Gobain provides companies with a low cost loan that averages FFr 30-35,000 (£2,633-£3,072) for each new job created.

"We have not acted out of philanthropy," says M Luc Gomart, director general of Saint-Gobain Development, the St Gobain subsidiary in charge of the scheme. "Our approach is based on sound management criteria."

Similar schemes, though generally on a less ambitious scale, have been undertaken or are being developed by Charbonnages de France, the state-owned coal group, Elf Aquitaine, the oil multinational and Rhone-Poulenc, the chemical group.

All these companies have had difficulties in France reducing their workforce because of the combination of France's protective employment legislation and the outcry of unions and regional authorities.

They have found it easier to win union and regional co-operation after demonstrating their readiness to create new jobs elsewhere.

Saint-Gobain provides cheap loans at 6½ per cent—or roughly half that of banks' base lending rates. The loans are spread over 10 years with a five-year grace repayment period.

"It is this that is the real advantage," says M Gomart, "because effectively we are providing them with fresh capital funds."

Among companies which have benefited from the scheme are: COFIM, producer of turnkey factories and manufacturer of reinforced plastics which has created an additional 25 jobs; Mosur, which produces towels for hairdressing salons (60 jobs); L Mage, a video electronics company (55 jobs); Johnson and Johnson, hygiene products (21 jobs); and Selaisons du Toulois, food processors (18 jobs).

Saint-Gobain lays down no criteria on the type of jobs to be created but insists that it should be maintained for five years. Of the new jobs that have been set up under the scheme, 25 per cent have been in food processing, 25 per cent in engineering, 10 per cent in electronics and 15-20 per cent in the service sector.

Mr J. Bidegain, chairman of Saint-Gobain Development, says that, in granting a loan, the company does not seek bankers' guarantees. "We take into account two main factors," he says. "The first is the record of the head of the company in managing his business. The second is the viability of the project."

Saint-Gobain promises to approve or refuse a loan request within six weeks. It prefers established companies to new enterprises so as to minimise the risk.

According to M Bidegain, Saint-Gobain's objective is to create some 3,000 new jobs a year from a current rate of about 2,200. But he says that the problem is to find the right companies. "Firms who create jobs these days are rare," he adds. "I have to go out and look for them."

To help him in his search and to process applications he has created a light, decentralised structure of five regional offices — Saint-Gobain Development employs only 25 staff including secretaries.

The immediate advantage to Saint Gobain, which is in the process of rationalising its loss-making glass and engineering operations, is that its reputation for creating jobs has given it greater flexibility in pruning its workforce and closing down plants because it is recognised to have its employees and a region's interests at heart.

For companies taking on displaced Saint Gobain workers under the scheme, loans are converted into grants. But so far only 10 per cent of the new jobs created have gone to Saint Gobain employees. Initially the company concentrated the scheme in regions like Picardy where plant closures within the group seemed most likely. It has since extended it to wherever Saint Gobain has facilities in order to strengthen its links with the region against unforeseen events in the future.

"You cannot be the number one in an area," says M Gomart, "and then one morning close down your factory. I am persuaded that what we are doing, others must also do in some form or other."

Elf has developed a similar scheme to protect parts of south west France against a decline in employment when the Lacq gas reserves are exhausted. Rhone Poulenc did the same in advance of textile factory closures and Charbonnages in advance of pit closures.

But the pressures in France on groups to set up job creation programmes are greater because French companies have more problems than most in Europe in reducing their workforce. Among the companies studying the scheme are Renault which had to shelve redundancy plans recently because of union opposition.

E. Germany to increase price subsidies 21%

By Leslie Colitt in East Berlin

EAST GERMANY is to increase price subsidies next year by a steep 21 per cent to maintain low prices for basic consumer goods and services.

The subsidies will make up a record 15 per cent of the state budget.

East Germany's decision contrasts sharply with moves in Hungary under its economic reform programme to reduce consumer price subsidies and to raise most prices to cover costs.

The increase in subsidies to Ostmarks 40bn (£10.8bn) is a triumph of orthodox East European socio-economic policy. It means that the gap between cost and artificially administered prices will widen for a large range of goods.

But while prices of basic foods and other essential products and services will remain frozen at the level of 1960, most other prices—except for rents—continue to move steadily upward or remain at high levels. The Government, however, does not announce such price changes.

East Germany said it aims for a rise in national income roughly equivalent to GNP in 1985 of 4.4 per cent, the same as this year. This places East Germany ahead of the Soviet Union, which plans national income growth of 3.5 per cent next year, and other East European countries except Romania.

East German industrial production is targeted to rise by 3.8 per cent, slightly higher than this year.

Investments in East Germany are to increase from Ostmarks 49bn this year to Ostmarks 58bn next year after growing by only Ostmarks 2bn in 1984. The monetary income of the population is to rise 4 per cent next year after increasing 2.2 per cent this year.

East Germany's foreign trade is to grow by 8 per cent next year—this year's growth target was 5 per cent

FINANCIAL TIMES, USPS No 190640, published daily except Sundays and holidays. U.S. subscription rates $420.00 per annum. Second class additional mailing offices. POSTMASTER: send address change to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.

Foreign ministers adopt curbs on EEC budget growth

BY QUENTIN PEEL IN DUBLIN

THE SYSTEM to control the growth of the EEC budget, and farm spending in particular, was formally adopted by Foreign Ministers in Dublin yesterday—unblocking the way for Britain and West Germany to pay up extra cash for the present year's deficit.

Agreement was reached on a way of involving the European Parliament in the process of imposing an annual spending limit for the Community, without actually re-opening the text of the budgetary discipline deal finalised by Finance Ministers.

However, the plan was immediately questioned by leading members of the parliament as both inadequate and unacceptable. It could yet be used as a pretext for MEPs to reject the Community budget for 1985.

The Foreign Ministers agreed that they would meet a parliamentary delegation each year, shortly before fixing the "reference framework" for spending, which would limit the rate of growth of farm spending to less than the growth rate of Community revenues.

They also agreed to invite both the European Commission and the European Parliament "to examine with it way's in which the co-operation necessary for a budgetary discipline common to all three institutions may be brought about."

The Ministers decided that the new proposals would be formalised as a separate "conclusion" of the Council, with the same weight as the budgetary discipline deal and therefore equally binding.

Meanwhile in Brussels, the budget committee decided unanimously that the 1985 budget would have to be rejected unless the council provides enough money to finance a full 12 months spending.

Conference to draft treaty of European union delayed

BY QUENTIN PEEL IN DUBLIN

THE PLAN to hold a conference to draft a treaty of European union was temporarily put in cold storage by EEC heads of government, pending a final report on the long-range development of the Community.

The 10 Community leaders meeting at their summit in Dublin, bowed to the resistance of Britain, Denmark and Greece, who argued that such a conference would be premature.

However, they did agree to discuss the whole question in depth at their summit meeting next June, and set aside an extra day of talks to do so.

The heads of state and government instructed the *ad hoc* committee on institutional affairs, set up after the last summit in Fontainebleau and chaired by Senator Jim Dooge of Ireland, to complete its final report by March.

They welcomed the committee's interim report, which proposed the drafting of a treaty of European union, although the British, Danish and Greek members all withheld their support.

The committee also called for institutional reforms such as much wider use of qualified majority voting on Community decisions, a streamlined Commission with only one member per state, and enhanced powers for the European Parliament.

The leaders "welcomed the thrust" of the report, which also called for much speedier moves to create a genuine Common Market in goods and services, and development of the European Monetary System, but they also carefully noted "that there are some reservations and disagreement."

Few issues divide Ten and Spain over entry

By Ivo Dawnay in Dublin

WITH THE wine issue resolved, the EEC is within sight of completing its full offer terms to Spain.

But that is not to say that the Spanish have yet had their final word. Although formal negotiations with Madrid have officially barely begun, it was clear yesterday that only a few major issues separate the two sides.

Spanish diplomats monitoring the talks have now a clear picture as to what can and cannot be improved. At the same time, Spain has only weeks to remould the package if the January 1 1986 accession is to be met.

Several outstanding issues look set to dominate the reopening of formal bilateral negotiations later this month:

FISHERIES: Both sides believe this may be the toughest dossier to crack. The wine deal means that the Italians will now withdraw purely tactical objections to the continuation of the present highly restrictive arrangements for a minimum of 10 years.

If no deal is then reached, Spain's 17,000 vessel fleet would face a further five-year "freeze."

Madrid has said this is "totally unacceptable." Instead, it is seeking an improved share of Community fishing stocks, particularly in the Bay of Biscay and West of Ireland where it traditionally fished before the introduction of 200-mill national limits in 1976.

Spain also wants a much shorter transition period of not longer than 10 years.

Agriculture:

The basic EEC proposal of a four-year freeze, followed by six years of gradual integration for farm products, has been broadly accepted by the Spanish. The problem comes with the exemptions.

Madrid is determined to have quicker transition arrangements for some fruit and vegetables, most notably citrus, and the elimination of preferential treatment for third countries such as Israel and *Morocco*.

This is vigorously opposed by France which seeks a blanket delay on all free entry for fruit and vegetables in order to build up its less efficient producers.

Conversely, Spain has designated 27 domestic farm products "sensitive" to imports from the north and has judged inadequate a Community offer of protective action where proof of damage to local producers is established.

There are also some problems with oils and fats arising from a Community demand that soya-bean oil, produced from Spanish imports of U.S. soya for animal feed, must now be allowed n the domestic market.

Industry:

EEC officials hope that Madrid will accept the broad principle of a seven-year period for phasing out industrial tariffs and creating a customs union, instead of the 10 years it is seeking.

But there are still internal EEC wrangles about a special mechanism for reducing the highest levies, some of which top 34 per cent.

The UK is adamant that the definition of high tariffs should apply to everything ...above 20 per cent and not 24 per cent as suggested, as this would include many items such as electrical goods and domestic appliances.

Britain is also holding out for a larger quota of car sales allowed into Spain before barriers are removed.

Chernenko 'ready to meet Reagan'

BY PATRICK COCKBURN IN MOSCOW

THE Soviet President, Mr Konstantin Chernenko yesterday told Dr Armand Hammer, chairman of Occidental Petroleum, *that an early summit* with President Ronald Reagan could be arranged if the U.S. agreed to ban first use of nuclear weapons.

Dr Hammer said there was a danger that the meeting between Mr Andrei Gromyko, the Soviet Foreign Minister, and Mr George Shultz, U.S. is an important employer in Secretary of State, in Geneva in January would get bogged i ndetails of space demilitarisation and est bans.

It is unlikely, however, that the U.S. will reverse its policy against any declaration on no first-use of nuclear weapons for *which the Soviet Union has* been pressing.

Dr Hammer, who has had business links with the Soviet Union since soon after the 1917 Russian Revolution, said that just before leaving Washington for Moscow, he had received licensing for U.S. technology for a 250 kilometre coal slurry pipeline.

The proposal for the pipeline between Byelovo and Novosibirsk in Siberia would be made by Occidental together with Bechtel of the U.S. and Entrepose of the Callourec Group of France, Dr Hammer said.

The licensing of the U.S. *technology for the pipeline* is significant, given the opposition to the export of energy-related expertise to the Soviet Union during the first Reagan Administration.

It follows quickly other signs of a warmer attitude towards bilateral trade in both Washington and Moscow. The Soviet Agriculture Minister has just visited the U.S. and a visiting U.S. trade representative was seen at the start of the week by Mr Mikhail Gorbachev, second to President Chernenko in the Kremlin heirarchy.

Reuter reports from Washington: *The U.S. yesterday turned* down a suggestion that it might pave the way to an early summit with the Soviet Union by accepting a Kremlin plan for a treaty banning the first use of nuclear weapons.

Mr Larry Speakes, White House, spokesman, reiterating long-held U.S. policy, said that although the U.S. would not be the first country to use nuclear or conventional weapons, it reserved the right to meet any attack with nuclear arms.

Le Monde editor quits after losing vote

By David Housego in Paris

M ANDRE LAURENS, director and editor in chief of La Monde, France's leading daily paper, resigned yesterday after the editorial staff turned down his plans for salvaging the paper from its continuing heavy its feet.

The vote by the editorial staff was an unprecedented display of lack of confidence in a man appointed only two-and-a-half years ago with the priority of getting the paper back on his feet.

Under Le Monde's complicated share structure designed to preserve its independence, the editorial staff hold 40 per cent of the stock.

M. Laurens was himself a compromise choice for the editorship after a bitter tussle between left and conservative factions in the paper.

Continuing divisions over almost every issue have thwarted M Laurens in his attempts to find middle ground.

His resignation plunges the paper into a fresh crisis over finding a new editor. A General Assembly to choose his successor has been called for December 20.

The vote against M Laurens turned on his plan to sell the paper's head office in the Rue des Italiens in Paris as a way of raising funds to strengthen its capital resources.

But behind this lay doubts *among the editorial staff* that the whole series of measures he had proposed would produce a durable solution to the paper's troubles.

Among these was the "mothballing" of one of the paper's presses in Paris, facsimile transmission to the provinces as a prelude to transforming Le Monde into a morning paper, and salary cuts.

Western nations urged to step up aid effort

BY OUR PARIS STAFF

WESTERN industrialised countries have been urged to step up aid to the developing world and especially sub-Saharan Africa at a time when their net flow of development assistance to the Third World has been declining.

The net flow of official aid of the 17 industrialised countries and the European Commission forming the so-called Development Assistance Committee (DAC) of the Organisation for Economic Co-Operation and Development (OECD) amounted to $27.5bn last year and accounted for 0.36 per cent of the cumulative gross national product (GNP) of all DAC member countries.

This represents a decline from the previous year when the aid total was $27.7b and accounted for 0.38 per cent of the overall GNP of DAC member states.

The latest DAC figures show that only four countries achieved the United Nations target of contributing the equivalent of 0.7 per cent of their GNP to development aid. These countries included Sweden, Norway, Denmark and the Netherlands.

M Jean-Claude Paye, the new OECD secretary-general, told the DAC annual meeting which ended in Paris yesterday, that aid to developing countries should be given in a coherent fashion.

"The economic recovery of the OECD countries however buoyant cannot on its own suffice to ensure adequate growth in a fair part of the developing world," he said.

M Christian Nucci, the French development minister, argued for the creation of a special fund for sub-Saharan Africa at the DAC meeting which was dominated by the crisis in that region of Africa. DAC members also reviewed ways of pooling resources more rationally and discussed policies designed not only to overcome the immediate problems of Africa but also to provide a longer term aid effort.

The latest DAC figures show a steady decline in UK aid to development. This has fallen from $2.19bn or 0.43 per cent of GNP in 1981 to $1.8bn in 1982

Popular Rocard makes discreet comeback

BY PAUL BETTS IN PARIS

M MICHAEL ROCARD, the French Agriculture Minister and France's most popular politician according to public opinion polls, has made a discret comeback to the forefront of the French political scene.

M Rocard has been in a self-imposed state of political isolation for the past three years following his unsuccessful bid to stand as the Socialist Party candidate at the last presidential elections.

After M François Mitterrand won the Socialist Party nomination and subsequently defeated President Valery Giscard d'Estaing in May 1981, M Rocard has preferred to wait silently in the wings.

For the past three years first as Planning Minister and more recently as Agriculture Minister, M Rocard has been content to play the part of a competent technocrat refusing to speak out on general political issues.

In recent months, his supporters had become increasingly worried that while the most popular political figure in France, M Rocard was running the risk of ruining his future chances if he did not finally step out isolation.

He chose a popular political programme on national French television to stage his comeback on Monday night.

Before the programme, there was speculation that M Rocard was planning to announce his resignation from the Socialist Government. However, M Rocard was at pains to emphasise that he did not regard politics as show business and that he had not come to cause a political sensation.

Instead, the agriculture minister sought to project the image of loyalty to his party although not always in agreement with its policies. He was especially critical of the Socialist Government's early economic errors

Sr Felipe Gonzalez

A photograph of Sr Adolfo Suarez was inadvertently published yesterday over the name of Sr Felipe Gonzalez. The Financial Times apologises for the error.

OVERSEAS NEWS

Lebanon fighting draws Israeli patrol north

BY DAVID LENNON IN TEL AVIV AND RICHARD JOHNS IN LONDON

ISRAEL moved an armoured patrol across the Awali River, the front line of the zone which it occupies, in a show of force apparently aimed at ending renewed fighting between Christian Druze militias.

Doubts about the Lebanese Government's ability to impose its security plan on the area led to the Lebanese pound falling to its lowest level against the dollar for about a month during a day's hectic trading. It traded as low as 8.33 to the dollar before recovering to close at 8.20 compared with 7.93 last Saturday.

Fighting erupted again shortly after midday around Soukh el Gharb south-east of Beirut. The Christian-controlled Voice of Lebanon radio said that mortars and multiple rocket launchers were used in the exchanges.

It was the fourth successive day of hostilities. The Lebanese Higher Military Command had been planning to deploy troops in the Kharroub Mountains later this week and also take over the coastal highway linking Beirut with the Israeli occupation zone.

A senior officer in Tel Aviv who briefed soldiers before the Israeli force set out said that the objective was "to demonstrate our presence and underline that we will not allow terrorists to organise in this area" and to provide reassurance to the Christians that Israel would not allow them to be driven out of this area.

On Monday a large bomb in the main shopping area of the Israeli coastal town of Netanya was safely defused.

A Lebanese Army communique said that the Israeli patrol was made up of 14 armoured personnel carriers, five tanks, five jeeps, a bulldozer and an oil tanker.

In Beirut a Government spokesman protested at what he described as "interference to obstruct Lebanese deployment in the area."

The Israeli military manoeuvre came as Lebanese and Israeli delegations reported the first progress in talks at the border village of Naqoura about Israeli withdrawal from the south of Lebanon.

David Lennon on the three-month curbs on prices, wages and taxes

Israel tightens anti-inflation screw

MORE than 2,000 shopkeepers have been fined up to the equivalent of £750 for overcharging for goods since the three-month packaged deal controlling prices, wages and taxes was implemented three weeks ago as part of the effort to control Israel's runaway inflation.

During the first few weeks of the freeze it was clear that many people had little idea of what was the value of an item denominated in shekels. Shoppers often asked "What is that in dollars?" when quoted a shekel figure.

Nevertheless, and despite forecasts by economists of a price explosion in February, most Israelis are relieved that an effort is being made to curb the inflationary spiral, which had reached 1,300 per cent before the freeze.

Price control officers have made 22,000 visits to shops to check that prices are displayed on all goods in shekels and that they do not exceed the maximum fixed price. So far, more than Sh 40m (£60,000) has been levied in fines by rapid trial courts.

The penalties are one of the key tools being used by the Government to ensure that the *price freeze* is honoured and that the shekel is returned to the price tags in place of the dollar, which had become increasingly used as a unit of value as inflation rose.

The fact that manufacturers and other businessmen voluntarily agreed to government policing of prices which formerly were set by market forces was a recognition that some drastic action was needed to halt inflation before it destroyed the economy.

"We had to agree to the package deal because we had lost control of our businesses. With inflation at over 1,000 per cent we had no idea whether we were making a profit or a loss," said one of the employers' representatives.

Mr Gad Proper, joint managing director of the Osem foods conglomerate, told an Israeli newspaper recently: "To manage an industry when the entire economic system is collapsing is like managing a casino.

Packing away the goods: a hectic Tel Aviv cashier during this autumn's rush on supermarkets ahead of the Government's food subsidy cuts

"You take an inflation coefficient into consideration, in order not to erode the capital base, and by the next day the calculation errs on the low side. It's an insane system which does not allow a manager of a plant to manage."

The implementation of the *price freeze* has not been without its problems. There was confusion over the maximum prices, which the Ministry of Industry and Trade revised upwards within two days of their original announcement. The list also caused confusion in shops because the Government set some prices at considerably higher levels than they had been before the freeze.

In justification of this, Mr Yehoshua Forer, director general of the Ministry, said: "There was no error. Our objective when we prepared the price list was not only to restrain prices, but also to ensure that everyday items would not disappear from the shelves. By giving the merchants some leeway, we could attain that objective."

Under the emergency regulations, the Government has frozen the exchange rate between the shekel and the dollar for all domestic transactions at the rate prevailing on November 2, which was Sh 527 to the dollar.

But the shekel has continued to depreciate, albeit at a much slower pace than in previous months. Prof Assaf Razin of Tel Aviv University puts the rate at 0.5 per cent a day or less, compared to 0.8 per cent and more before the freeze.

Importers and manufacturers are worried about having to purchase dollars to pay for imports at the prevailing floating rate (currently Sh 590 and rising), while being forced to sell at the rate fixed on November 2 (Sh 527).

Not being allowed to pass on these higher costs by increasing their prices led some irate importers to threaten to halt all imports for the duration of the package deal. The Industry and Trade Ministry warned that the importers may have their licences revoked if they refuse to import goods.

The situation was somewhat eased for importers by the Government's decision to freeze the exchange rate, for the purposes of levying customs and purchase taxes, at Sh 527. This will reduce possible losses by importers forced to sell their goods at frozen prices.

Importers have been able to operate so far because the slowdown in the rate of depreciation has meant that the gap between the prevailing exchange rate and the frozen rate is not too great. But many wonder what will happen in another month or two, when that gap will have widened considerably.

Among the first to protest were the importers of about 150 medicines and drugs for which there is no local substitute. The Ministry of Health refused to exclude medicines from the price freeze, but said that if the availability of drugs appeared to be endangered it would refer the matter to the special committee dealing with requests for exemptions.

Others have questioned how it would be possible to fix the prices for shoemakers, dentists or accountants, not to mention plumbers and others involved in repair services.

These prices were supposed to be subjected to a special income tax levy, but professionals and tradesmen protested that this was totally unfair, given that the price of services has to remain fixed while expenses rise.

Despite objections from landlords, the tripartite follow-up committee representing the Government, the unions and the employers ruled that in the case of rentals the exchange rate for dollar contracts drawn up before the freeze must be paid at the November 2 rate for the duration of the package deal.

Interestingly, the committee also ruled that, while the exchange rate for compulsory vehicle insurance is frozen, all other forms of insurance are not affected.

Prof. Razin is one of those worried about the consequences of the package deal. "The banks are receiving subsidies in return for reducing the cost of credit. Exporters are being given funds so that they can continue to operate in these difficult conditions, and a lot of money is being accumulated in the hands of the public, and this is not a process which can contribute to blocking inflation," he said.

He also warned about the dangers of the slow-down in the devaluations. "If inflation in December is 20 per cent and the devaluation is only 13 per cent this will create a dangerous lag which, if it accumulates for a number of months, will severely hit our exports and will greatly encourage imports."

Furthermore, the Government had held off imposing new taxes and levies, there had been a reduction in some taxes. Customs dues were lower and the travel tax was down.

The package deal is like a tranquilizer, according to Prof. Razin. It did not cure the disease but created a deceptive atmosphere. Unless the Government tackled its budget, he said, he remained pessimistic about the prospects for economic recovery.

Hong Kong presses for annual debate in Commons

BY COLINA MACDOUGALL

A GROUP of Hong Kong community leaders visiting London is pressing for an annual report and House of Commons debate on the progress of the Joint Liaison Group, the body to be set up next year by Britain and China to smoothe the path to the transfer of power to Peking in 1997.

The 11-strong group in London to lobby MPs and others over the territory's anxieties over its future, comprises non-official members of Hong Kong's legislative and executive councils. It expects to see Mrs Thatcher, the Prime Minister, and Sir Geoffrey Howe, the Foreign Secretary, today before the House of Commons debates last September's joint agreement in advance of Mrs Thatcher's trip to Peking in December to sign it.

While in the main Hong Kong has accepted the draft agreement, worries remain about some of its provisions. *In particular the delegation* wants the Government to clarify the new form of passport to be issued after 1997 to British Dependent Territory Citizens and the transmissibility of British nationality to the children of BDTC's after 1997.

The delegation is also anxious that Hong Kong should be represented on the Joint Liaison Group, and will press the Government to make this point to the Chinese.

Some of the delegates are hoping to go to Peking early next year after the agreement is signed to make the point themselves, and to press for some Hong Kong representation in the Chinese body which will draw up the Basic Law which will form Hong Kong's constitution.

Although the Basic Law is seen as a purely domestic Chinese matter, the delegates believe that China is receptive to the idea of Hong Kong involvement since it has said that the territory's people should be fully consulted.

The delegation has discussed this and Hong Kong's other anxieties with a wide range of ministers and MPs of all parties in the hope that today's debate and regular debates in future will keep Britain's sense of responsibility for Hong Kong up to 1997 alive.

Tamil separatists attack water train in Jaffna

GUERRILLAS fighting for a separate Tamil state have attacked a train carrying water in Sri Lanka's troubled northern Jaffna district, government sources said.

They said the guerrillas hurled bombs at the train at Chunnakam yesterday, damaging its shutters. About 40 passengers fled unhurt

Train services to Jaffna were suspended after the attack.

Guerrillas stepped up their attacks last week, saying they would declare a separate Tamil state in the northern and eastern parts of the island on January 14.

They raided two rehabilitation farms for ex-prisoners last Friday, killing about 80 civilians. The Government said *more than 65 rebels died in subsequent* battles with the security forces.

The rebels followed the attacks on the farms with raids on two fishing villages on the northeastern coast killing 11 people.

An army spokesman said it would start recruiting soldiers to the regular and volunteer force of the army from Saturday.

Last week more than 15,000 youths applied for about 450 places when the air force called for volunteers. The airforce has *also invited retired pilots* to join the volunteer force.

Agencies

Ghana devalues again to boost export drive

BY OUR FOREIGN STAFF

IN ITS fourth such move in 14 months, Ghana yesterday devalued the Cedi by 25 per cent, allowing it to fall from 38.5 to 50 against the dollar.

The move is seen as part of a continuing attempt to ensure the competitiveness of the country's exports, including cocoa, which in turn is a major component in Ghana's economic recovery programme.

Last October the Government devalued by 90 per cent in order *to secure* International Monetary Fund (IMF), World Bank and other donor support worth over $600m.

Ghana's leader, Flt. Lt Jerry Rawlings has committed his Government to implementation of IMF and World Bank proposals which, apart from devaluation, includes reduction of the budget deficit, increases in producer prices paid to farmers, reorganisation of the public sector, and cuts in subsidies.

Along with Uganda, Zaire and Zambia in particular, Ghana is seen as a critical test of World Bank and IMF policies in Africa. Backed by advice and financial support from the two institutions, the Government drew up a recovery programme for 1983-86 which sought donor backing in the agricultural and mining sectors.

BASE LENDING RATES

A.B.N. Bank	9½%	■ Hill Samuel §	9½%
Allied Irish Bank	9½%	C. Hoare & Co. †	9½%
Amro Bank	9½%	Hongkong & Shanghai	9½%
Henry Ansbacher	9½%	Johnson Matthey Bkrs.	9½%
Armco Trust Ltd.	10½%	Knowsley & Co. Ltd.	10½%
Associates Cap. Corp.	10½%	Lloyds Bank	9½%
Banco de Bilbao	9½%	Mallinhall Limited	10 %
Bank Hapoalim	9½%	Edward Manson & Co.	10½%
BCCI	9½%	Meghraj and Sons Ltd.	9½%
Bank of Ireland	9½%	Midland Bank	9½%
Bank of Cyprus	9½%	■ Morgan Grenfell	9½%
Bank of India	9½%	National Bk. of Kuwait	9½%
Bank of Scotland	9½%	National Girobank	9½%
Banque Belge Ltd.	9½%	National Westminster	9½%
Barclays Bank	9½%	Norwich Gen. Tst.	9½%
Beneficial Trust Ltd.	10½%	People's Tst. & Sv. Ltd.	10½%
Brit. Bank of Mid. East	9½%	R. Raphael & Sons	9½%
■ Brown Shipley	9½%	P. S. Refson	9½%
CL Bank Nederland	9½%	Roxburghe Guarantee	10 %
Canada Perm'n't Trust	9½%	Royal Bk. of Scotland	9½%
Cayzer Ltd.	9½%	Royal Trust Co. Canada	9½%
Cedar Holdings	11 %	■ J Henry Schroder Wagg	9½%
■ Charterhouse Japhet	9½%	Standard Chartered ‖	9½%
Choulartons	11½%	Trade Dev. Bank	9½%
Citibank NA	9½%	TCB	9½%
Citibank Savings ‖	11½%	Trustee Savings Bank	9½%
Clydesdale Bank	9½%	United Bank of Kuwait	9½%
C. E. Coates & Co. Ltd.	10½%	United Mizrahi Bank	9½%
Comm. Bk. N. East	9½%	Westpac Banking Corp.	9½%
Consolidated Credits	9½%	Whiteaway Laidlaw	10½%
Co-operative Bank	*9½%	Williams & Glyn's	9½%
The Cyprus Popular Bk.	9½%	Wintrust Secs. Ltd.	9½%
Dunbar & Co. Ltd.	9½%	Yorkshire Bank	9½%
Duncan Lawrie	9½%		
E. T. Trust	10 %		
Exeter Trust Ltd.	10 %		
First Nat. Fin. Corp.	11 %		
First Nat. Secs. Ltd.	11 %		
■ Robert Fleming & Co.	9½%		
Robert Fraser & Ptns.	10 %		
Grindlays Bank ‡	9½%		
■ Guinness Mahon	9½%		
■ Hambros Bank	9½%		
Heritable & Gen. Trust	9½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 6.25%. 1 month 7.00%. Fixed rate 12 months £2,500 8.75% £10,000, 12 months 9.00%.
† 7-day deposits on sums of under £10,000 6¾%. £10,000 up to £50,000 7¼%. £50,000 and over 8%.
‡ Call deposits £1,000 and over 6¾%.
‖ 21-day deposits over £1,000 7¼%.
§ Demand deposits 6%.
¶ Mortgage base rate.

Landslide victory for moderates in Grenada election

BY CANUTE JAMES IN ST GEORGES, GRENADA

THE Moderate New National Party (NNP) led by Mr Herbert Blaize, has scored a landslide victory in Monday's General Election, the first in Grenada in eight years.

The NNP, a coalition created four months ago, and backed by the U.S. which invaded Grenada in October of last year, won 14 of the 15 seats in the House of Representatives.

The other was won by the Grenada United Labour Party (GULP) of Sir Eric Gairy, a former Prime Minister who was deposed in a bloodless coup five years ago by the socialist New Jewel Movement of Mr Maurice Bishop. Mr Bishop and several Cabinet colleagues were murdered in an army takeover in October of last year, and the U.S. invaded a few days later.

The humiliation of Sir Eric's 33 year old right-wing GULP is likely to mean the political demise of the former prime minister.

The election has also been a severe setback to Mr Bishop's colleagues in Government who survived the coup last October. Mr Kenrick Radix and Mr George Louison led the Maurice Bishop Patriotic Movement in an unsuccessful effort in the election.

Mr Blaize, the Prime Minister designate, is expected to be a firm ally of the U.S., adopting policies similar to those of neighbouring Commonwealth Caribbean governments, such as Barbados, Dominica and St Lucia, all of which also backed the coalition's efforts in the election.

He will be faced with serious economic problems, but these will have to await the appointment of a new Governor General. Sir Paul Scoon who has been the sole constitutional authority on the island since the invasion, is to resign soon.

The victory of the NNP has been welcomed by its foreign supporters. Mr Tom Adams, the Prime Minister of Barbados, who presided over the meeting which saw the birth of the coalition four months ago, said Grenada's political questions had been answered by the election result.

Miss Eugenia Charles, Prime Minister of Dominica, repeated earlier support for the NNP.

Claims by some members of the Maurice Bishop Patriotic Movement that the elections were rigged in favour of the NNP, are unlikely to be supported by observers from the Organisation of American States and the several Western Governments whose representatives were present during voting.

Mr Ben Jones, a deputy leader of Mr Blaize's faction of the NNP, said a new Cabinet will be sworn in by the end of this week.

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House says Ferraro broke rules on ethics

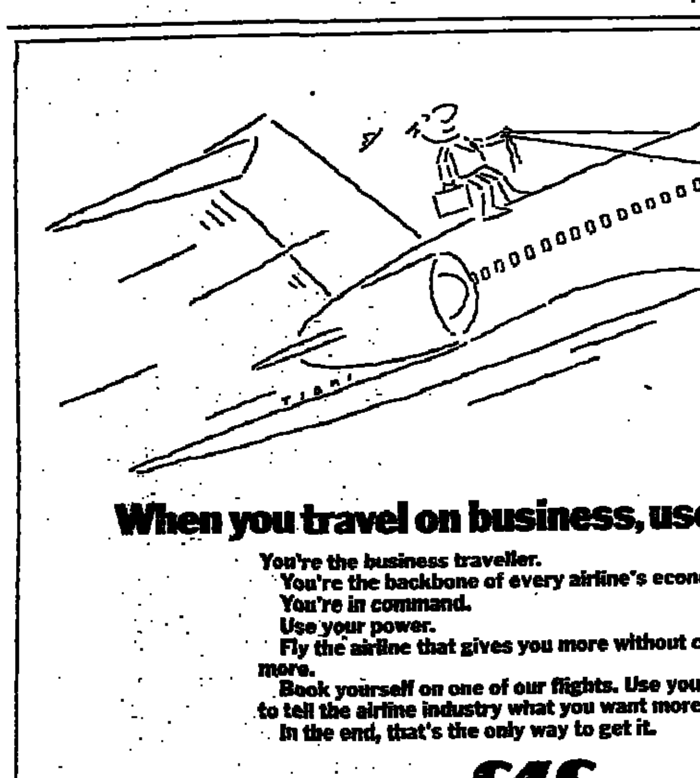
BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

MS GERALDINE Ferraro, the defeated Democratic vice-presidential candidate in last month's U.S. elections, violated government rules on ethics at least ten times through improper filings on congressional financial disclosure forms, according to a House ethics committee.

The committee's 47-page report, due to be published next week, was leaked to the Washington Times newspaper, which said that the committee voted 8 to 2 for a "technical reprimand" of Ms Ferraro, a three-term congresswoman from Queen's New York. Further action would probably not be taken by the comittee, it said.

In the second of two major conclusions, the committee found that Ms Ferraro failed to meet all three tests laid down yb the Thics in Government Act when she claimed that the act exempted her from reporting business information about her husband, Mr John Zaccaro, a New York property dealer.

While the Justice Department is reviewing similar complaints against Ms Ferraro filed by a right-wing Washington legal group, there was no immediate indication that prosecution was likely. Ms Ferraro would normally have at least 21 days to respond to the committee's ruling, but she will no longer be a member of Congress when it reconvenes in January.



Brasilia seeks $5bn multilateral financing

By Andrew Whitley in Rio De Janeiro

BRAZIL EXPECTS to receive over $5.2bn (£4.3bn) in new financial resources from multilateral lending agencies in 1985, comfortable covering the Government's latest estimate of a $3bn current account deficit next year.

Details of the Brazilian Government's latest balance of payments forecasts were released by the Central Bank in Brasilia on Monday.

These estimates will serve as the basis for negotiations with the country's bank creditors, on rescheduling forthcoming years' debt payments, due to recommence in New York on December 14.

Sources of new funds will be the International Monetary Fund, the Inter-American Development Bank and the World Bank, Sr Affonso Celso Pastore, the Brazilian Central Bank Governor said.

A substantial part of the World Bank's assistance is, however, likely to be in the form of a $1.1bn co-financing programme with commercial banks now being discussed with the Brazilian authorities.

Sr Pastore reaffirmed that Brazil does not expect to make any repayments on debt principle next year. However, he hoped some banks would be able to resume voluntary lending—halted in September 1982—due to the turnround in the country's balance of payments.

The most spectacular indicator of the improvement in Brazil's external payments is the sharp drop in the current account deficit: from $14.8bn in 1982 to an expected $550m for this year.

However, the Governor warned that the good figures would not continue next year. An expected increase in debt interest and other service payments is expected to push up the current account deficit to $3bn in 1985.

The overall services deficit is put at S$15.2bn, compared with $13.3bn for this year; while the visible trade surplus is expected to decline marginally — from $12.6bn to $12.2bn — as imports rise.

Meanwhile, fresh evidence that the current recovery in the Brazilian economy is proving stronger than even Government optimists had been forecasting came yesterday from the Central Bank. Increase in gross domestic product this year is now forecast at 4.5 to 4.8 per cent, compared with estimates two months ago of 3.5 per cent.

Juggling with the fast-changing estimates on the performance of the Brazilian economy is apparently proving arduous for the IMF team currently in Brasilia negotiating a new Letter of Intent with the Government. The negotiations are due to wind up at the end of the week. However, press reports suggest that the two sides are still far apart on some crucial points, notably how to cope with the fast-widening deficit of the Previdencia Social, the social welfare and insurance system.

Honduran president opts for Facusse

By Tim Coone in Managua

SR ROBERTO Suazo Corooba, President of Honduras since 1982, on Monday officially backed Sr Carlos Flores Facusse as his successor. Elections for the presidency will take place in November next year, and President Cordoba is unable to stand again according to the constitution.

Sr Facusse is considered a rising star of the Honduran political scene and one of the most able and most powerful of President Cordoba's Administration despite the tact that he was dropped from the Cabinet in a reshuffle earlier this year.

Reginald Dale on calls for a change in policy towards S. Africa

U.S. tempers rise over apartheid

IT IS becoming a regular Washington ritual. Every weekday for almost two weeks now, crowds of anti-apartheid demonstrators, often as many as 200, gather outside the South African embassy on Massachusetts Avenue.

In late afternoon, well in time for the evening TV news and daily newspaper deadlines, two or three prominent personalities advance on the embassy and have themselves arrested by a compliant and sympathetic DC police force.

By yesterday 23 people had been arrested, including four at the South African consulate in New York. Among them are trade union leaders, seven U.S. Congressmen, Yolanda King, daughter of the Rev Martin Luther King, the assassinated civil rights leader, and comedian Dick Gregory.

Moments before their arrest last week: Leonard Ball, trade unionist (left), Republican George Crochett (centre) and Republican Don Edwards.

Singer Harry Belafonte and tennis ace Arthur Ashe have protested outside the embassy, as has the mayor of DC, Mr Marion Barry. Mr Barry says that sometime soon he may very well get himself arrested by his own police force.

The Rev Jesse Jackson, the defeated black Presidential candidate in this year's Democratic primaries, Mr Andrew Young, the Mayor of Atlanta, and Senator Edward Kennedy of Massachusetts have all given their support.

The demonstrators readily admit that the daily arrests are a "media event." Those taken into custody are quickly released, although some of them have insisted on spending a night in jail. To the anger of some of those arrested, charges against most of them have been dropped, depriving them of their say in court.

But the organisers say that the protests will continue "indefinitely" and this week the demonstrations were due to start spreading to the 13 South African consulates in cities such as Boston, Los Angeles and Houston, as well as New York.

Black leaders say that the anti-apartheid movement has suddenly galvanised black support like no other social issue since the civil rights movement of the 1960s. And they plan to revive the same tactics used so successfully 20 years ago to gain recognition of their rights in the U.S.—with a campaign of civil disobedience, sits-ins and non-violent demonstrations.

Evens both in South Africa and the U.S. have brought the issue to a head, the movement's leaders say. They include the recent arrests of black leaders in South Africa, in what the American blacks see as a generally heightened climate of oppression, the award of the Nobel Peace prize to Johannesburg's Bishop Desmond Tutu and the re-election of President Ronald Reagan.

Bishop Tuto, who was in Washington at the week-end, again attacked Mr Reagan's South African policies and gave the demonstrators his blessing. But the protests represent what is essentially a spontaneous outburst of American feeling, directed as much against Mr Reagan as against the South African authorities.

The Administration insists that Mr Reagan's policy of "constructive engagement" with South Africa is the best way to achieve change in the country and that it is actually *working. The theory is that by* improving relations with Pretoria, the U.S. will be better placed to exert pressure through quiet diplomacy. But the demonstrations appear to be putting the Administration on the defensive.

The protesters, however, say that "constructive engagement" at least tacitly legitimises apartheid. Their immediate objective is to win the release of the jailed black leaders in South Africa. Beyond that, they would like to put pressure on the administration, on business and on Congress to drop the "constructive engagement" policy and start implementing economic and trade sanctions. The U.S. is South Africa's largest commercial partner, with over $2bn in trade eachway last year.

According to the U.S. Chamber of Commerce, more than 200 U.S. corporations have significant investments in South Africa, with a book value of $2.3bn—about one per cent of total U.S. investment abroad. Other estimates put overall U.S. investment, including loans and gold stock, at $14bn.

Many U.S. companies have adopted voluntary measures under the so-called Sullivan Principles on employment practices—including wage increases, programmes to improve black workers' training and housing and the abolition of segregation in the work place. Such actions, they say, set an example to South African companies and provide a force for evolutionary change. To pull out would only hurt black workers.

Their opponents say that any successes achieved this way are limited because they affect only one per cent of the labour force and do not attack apartheid head on.

That anti-apartheid campaigners want a Congressional ban on U.S. investment along the lines of a Bill passed by the House earlier this year. But congressional aides say that the Republican-controlled Senate would never agree to such a move—and that the House might think twice about adopting such a Bill again if it thought that the Senate would actually pass it.

The State Department says that as its aim is the same as that of the demonstrators—the end of apartheid—there is no need for a change of policy. But the demonstrators are not going to leave it at that, and they have already succeeded in their first objective. By putting South Africa on the nation's front pages and tv screens, they are beginning to change the climate in which the debate is conducted.

Argentina seeks extra loans to pay off interest

By Peter Montagnon, Euromarkets Correspondent

ARGENTINA is seeking additional bridging finance from governments in Europe, the Far East and Latin America to help it reduce interest arrears on its foreign debt before the end of the year.

The finance, which is being negotiated on a bilateral basis with individual governments, comes on top of a $500m (£417m) short-term loan secured from the U.S. Treasury as part of last weekend's debt rescue package.

Bankers close to Argentina's debt negotiations declined yesterday to detail the amounts being sought, but noted that Argentina would need a total of $1.25bn if it was to meet all interest payments on its public sector debt due up till December 31.

Of that, $500m is already coming from the U.S. and a further $250m from Argentina's own reserves, which theoretically leaves $500m still to be found. The actual total of bridging finance *sought could, however,* be less as Argentina is only formally committed to paying $750m before the year end.

But bankers believe that a determined effort by Argentina to reduce its interest arrears could help syndication of the $4.2bn in new loans it is now seeking from its creditor banks.

A "critical mass" of subscriptions to the new loan have to be received from banks before the International Monetary Fund approves release of its own $1.4bn loan to Argentina at a board meeting now scheduled for December 28. Only after that happens will the U.S. release its $500m bridging loan.

WORLD TRADE NEWS

Drive to repeal Florida unitary tax scheme snared by problems

BY NANCY DUNNE IN WASHINGTON

AN EFFORT in Florida this week to repeal the state's controversial worldwide unitary tax has become seriously entangled with a series of local problems. Passage, while considered likely, is by no means certain.

The state legislature, called by its leaders into a special legislative session tomorrow and Friday in order to abolish the practice of taxing multinationals on their global earnings, is also facing demands by Governor Robert Graham for action on other Bills.

After months of searching for a substitute tax to raise money for the state's educational system, Democrats who control the legislature and the Governor have agreed to raise $50m – an equivalent of the estimated proceeds of the unitary tax – by increasing the state corporate profits tax by ½ percentage point to 5½ per cent.

The compromise followed a strong lobbying effort by multinationals which threatened to refrain from expanding operations in Florida or to settle elsewhere. It is in danger, however, because the corporate tax increase is opposed by Republicans and some conservative Democrats.

Some legislators want to compensate business with another tax break, but Mr Graham has threatened to veto this along with the unitary tax repeal.

The Governor has embarked meanwhile on a campaign to get the legislature to allot him $10.4m to hire investigators and process fingerprints of employees in daycare centres. His office claims it receives 10,000 complaints a month of child molestation and that organised groups of deviants are seeking jobs in daycare centres.

The Governor's office implies that he may link passage of the childcare Bill with the unitary tax repeal. Many legislators believe the childcare issue is politically inspired and that Mr Graham, a Democrat, will use it to challenge Republican Senator Paula Hawkins in 1986.

She is also a supporter of unitary tax repeal, and she has been an outspoken critic in the child molestation issue, even to the point of publicly testifying about her own molestation experience as a child.

The U.S. Supreme Court meanwhile, refused on Monday to consider a petition by Thorn EMI, the UK electronics and electrical group, which sought permission to sue California over the state's unitary taxation system.

The case was originally started in 1979 by EMI before it was taken over by Thorn. EMI, the majority owner of Capitol Records and Tapes, based in Hollywood, filed a case five years ago challenging California's law.

A federal appeals court ruled last July that the British company lacked the legal standing to sue in a U.S. court. The Supreme Court upheld that finding on Monday.

The rebuff by the Supreme Court of Thorn EMI and other companies will probably not set back the campaign against the tax.

EEC and Japan fail to agree on VCR s

By Robert Cottrell in Tokyo

JAPANESE and European Community representatives failed to reach agreement in Tokyo yesterday on restraining Japan's exports of videocassette recorders (VCRs) to Europe in 1985.

Officials said they hope an agreement could be formalised and announced next week, however. They said Viscount Etienne Davignon, vice-president of the European Commission, had reached a basic understanding with Mr Keijiro Murata, Japan's Minister of International Trade and Industry, but that Viscount Davignon wanted to confer with EEC member countries before committing the Community to specific figures.

VCRs are among the most sensitive of nine categories of products for which exports from Japan to the EEC are restrained under a three-year agreement reached in February 1983.

European manufacturers were expected to produce and sell 1.3m VCRs for the current calendar year while Japanese exporters were allotted an EEC shipment ceiling of 3.95m finished VCRs, and 1.1m knock-down kits.

These allotments reflected expectations on the Japanese side a year ago that European VCR demand in 1984 would total around 8.35m units, though EEC expectations were pitched 1m units lower. In fact, VCR demand in EEC countries this year is likely to total only about 4.5m units. Domestic manufacturers may account for slightly less than 1m unit sales this year, with Japan taking the balance.

Viscount Davignon has been trying to persuade Mr Murata that the VCR demand in the EEC is likely to be little if at all improved in 1985, and that European producers should have a protected market segment larger than the 1.3m units allocated for the current year, and that Japanese export expectations should be scaled down accordingly.

● The EEC feels "deep disappointment" over its trade relationship with Japan, but increased dialogue has helped ties, Viscount Davignon said yesterday.

"We have not been very successful at seeking our exports (to Japan) increase," he said.

SIA discusses lease details for Boeings

SINGAPORE – Several Japanese banks are negotiating lease agreements totalling at least $120m with Singapore Airlines (SIA) to help finance the purchase of new Boeing aircraft, banking sources said.

The sources said Bankers Trust Company was arranging at least two such packages with separate groups of Japanese banks each involving about $60m, for two Boeing aircraft.

Four Japanese banks in late October signed a $59.9m lease financing agreement arranged by Bankers Trust Company for SIA's purchase of a Boeing aircraft, they said.

They said the agreement was signed with Dai-Ichi Kangyo Bank, Mitsui Bank, Sumitomo Bank and Tokai Bank. The amount sought was initially $65m but this was scaled down to $59.9m. The amount is payable in 15 years.

SIA last year ordered six Boeing 747s and four 757s.

Reuter

U.S. aircraft 'preferred by French air force'

BY DAVID HOUSEGO IN PARIS

THE FRENCH air force, which is due to place a major order for a new low-altitude defence system, yesterday indicated that its "technical" preference would be for Boeing's Awacs (Airborne Warning and Control System).

The statement by Gen Pascal de Chassey, head of air defence, in favour of the Awacs comes at a time when the French Government is close to deciding between the U.S.-built aircraft and a European alternative. The alternative would be a British Marconi radar system mounted most probably on an Airbus.

M Charles Hernu, French Defence Minister, said recently that France expected to make a choice by the summer of next year. But he added that if the Government chose the American system it would seek compensation from the U.S. in terms of purchases of French military equipment.

The French Government hopes to wring out of the U.S. substantial orders for the Rita (Reseau integre de transmissions automatiques) battlefields communications system, as the price of any Awacs purchase.

Thomson, the French electronics and telecommunications manufacturer, in partnership with GTE of the U.S. is bidding for a $5bn order to supply 25 U.S. army divisions with the new battlefield equipment. A rival bid has been launched by Plessey of Britain in conjunction with Rockwell International of the U.S. Plessey is trying to sell its Ptarmigan system which is shortly to enter service with the British army.

European manufacturers have an advance in this field. Gen de Chassey said yesterday that France needed a new low-altitude warning system. He added: "The air force's technical choice is for the Awacs." He said the U.S. system existed, was operational and available.

The French air force wants a new system to provide cover in the south east of the country and the Mediterranean. In the north, France is provided with early warning of low-altitude attacks by Nato even though it is not a member of the integrated Nato military command.

WORLD TRADE NEWS

The Asian shipbuilding giants wrestle with a decline in orders

Japan's yards await the upturn

BY OUR TOKYO STAFF

THE KAWASAKI Heavy Industries' shipyard at Sakaide, on the southern Japanese island of Shikoku is a model of mechanical efficiency. Numerically-controlled robots handle the metal-bashing, and the "Kawasaki Mammothmelt," which simultaneously welds together five supertanker-sized steel plates, requires the services of just one worker to brush accumulated ash off the completed welds.

Japan builds good ships quickly in modern yards. It won more than half the orders placed for ships throughout the world in the year to March 31. Its conglomerates are still making profits. The situation might command little sympathy in Newcastle or Clydeside. But, by Japanese standards, times are tight and getting tighter, at least in the short-to-medium term.

Shipbuilding, fears Mr Kenji Tokutome, deputy director of the Ministry of Transport's shipbuilding bureau, "is beginning to lose part of its priority in the industrial set-up of the country. Something must be done to make the industry more competitive."

Jobs are shrinking, and wages are falling, the industry's workforce has shrunk from a peak of 361,000 in 1974 to 218,000 in March, 1984. Over the past five years, a widening gap has developed in shipbuilding wages and those of workers in other industrial sectors, such as steel and petroleum.

Mr Tokutome, in common with several other world shipbuilding regulators, believes market demand will recover in 1992-1995. Even in the intervening depressed years, he argues, there will always be a sufficient level of demand for ships to keep leading yards in business. The industry also has strategic value for Japan, and is an important employer in otherwise relatively undeveloped provincial locations, such as Shikoku.

While Japanese shipbuilders prefer to talk about world competition in general terms, their "bogey" is far more specific—South Korea, whose share of world shipbuilding rose from 1.3 per cent in 1973 to more than 19 per cent in 1983. Even the Japanese shipbuilders readily acknowledge the quality of South Korean ships—and the cheaper prices. Officials at Kawasaki Heavy Industries say Korean yard quotes are typically 5 to 10 per cent less than those from Japan, and with the option of more attractive financing packages.

It seems clear that Japan would like to come to an understanding with South Korea which would enable the two countries comfortably to dominate world shipbuilding. The two have been meeting informally on an industry-to-industry basis since late 1982.

NEW BUILDING ORDERS

Year to March 31 1984

Total orders: 19.6m gross tons

Market share

Japan	56.8 per cent
S. Korea	19.1 per cent
W. Europe	10.6 per cent
Others	13.5 per cent

Source: Japan Ship Exporters' Association

But South Korea's recent gains in market share appear to have come more at the expense of Europe than of Japan. Western European yards' share of new building orders in the year to March 1984, fell to 10.6 per cent, from 18.7 per cent in the year before. In the first half of the current fiscal year, Japan's new export orders fell by 60 per cent, to 2.45m gross tons—but Korea's own orders fell 56 per cent in the first 10 months of calendar 1984.

In response to sluggish worldwide demand, Japan's Ministry of Transport has been overseeing for the past six years a reduction in operational capacity of Japan's yards to share around such prosperity as may be available. Between November 1978 and March 1980, 37 per cent of existing facilities were disposed of, leaving a present capacity of 6.19m compensated gross registered tons (CGRT).

Large and medium-sized yards may currently operate only up to 68 per cent capacity, a ceiling so far being maintained into the 1984-85 fiscal year. At Kawasaki's Sakaide yard, this means that one of the three big docks is now used only as a parking space for ships awaiting repair.

Japanese shipbuilders are themselves now teaming up to bid for big contracts, in part to avoid a price war, in part because official capacity restraint means that one builder just does not have the capacity for a big, tight-scheduled contract like that due soon to be awarded by Sea-Land of the U.S. for six container ships. For the tenders, submitted last month, Mitsubishi Heavy Industries has joined forces with Mitsui Engineering and Shipbuilding; Hitachi Zosen is leading a team including Kawasaki Heavy Industries.

The Japanese industry may be depressed, but its yards can count on contracts placed by Japanese customers: other nations' shipbuilders would be grateful for such unswerving domestic loyalty.

Mr Nakasone: concerned about trade friction

Trade friction group set up

TOKYO — Japan has set up a cabinet-level committee on trade friction and the internationalisation of its economy,

The committee includes Mr Yasuhiro Nakasone, the Prime Minister and Mr Shintaro Abe, the Foreign Minister.

Mr Nakasone told the new group he was concerned about trade friction and urged bold steps be taken to prevent current problems worsening.

Mr Abe, who was on Monday asked by South-East Asian ambassadors here to reduce tariffs on products from their countries, told reporters Japan should lower import tariffs on certain items. Reuter

S. Korean shipyards forced to shelve expansion plans

BY STEPHEN B. BUTLER IN SEOUL

THE WORLDWIDE shipping recession is finally sending South Korean shipbuilders in search of a safe harbour.

A year ago Mr Hong In-Kie, president of Daewoo Shipbuilding and Heavy Machinery, provoked a storm in Europe by suggesting that South Korea aimed to assume "a leadership role in the world's shipbuilding industry," overtaking Japan and, in the process, putting many European yards out of business.

By the end of 1983, however, the South Korean Government had already quietly shelved plans to expand the industry's annual building capacity from the current 4m gross tons to 6m gross tons.

Some shipping executives are now privately pessimistic about the future, and Hyundai, the conglomerate that operates the world's largest yard at Ulsan, with an annual capacity of 2m tons, has shifted attention to expansion in electronics and automobile manufacturing.

"Korea's leading shipbuilder sees the handwriting on the wall," a banker said, "and will move away from emphasising shipbuilding."

The industry still has a healthy backlog. At the end of October, South Korean yards had 206 ships on order, amounting to 5.36m gross tons. That backlog will keep most yards busy into 1986.

Finished ships are sailing out of the yards faster than new orders are coming in. In the first 10 months of the year 101 ships were ordered totalling 1.91m gross tons. This is a 58.3 per cent decline in terms of gross tonnage over the same period of 1983, according to the Korea Shipbuilders Association.

Profits are suffering, too. Mr Chung Tae-Seung, director of Korea's Ministry of Trade and Industry (MTI), says the average per ton price for bulk carriers had dropped from $800 in 1982 to $500 this year.

Mr Chung says Korean yards can still earn a slim profit at those prices because of improvements in productivity and the availability of cheap locally made steel and diesel engines, manufactured under licence from European companies such as Sulzer Brothers, and Burmeister and Wain. Industry executives are more pessimistic, however, and many expect the yards to finish the year in the red.

None is yet contemplating layoffs or cutting back operations. Mr Chung is confident the South Korean builders will be able to weather even a long slump in the market by turning their attention to non-vessel construction.

Daewoo, whose Okpo yard opened in 1981, has a 131-metre-wide dry dock serviced by a 900-tonne Goliath crane. Daewoo designed the yard to accommodate wide offshore platforms and floating plant.

This year 24.5 per cent of Daewoo's work is in non-vessel construction, and that percentage is likely to continue rising. The company has just received a $425m order for six semi-submersible drilling rigs from Sonat of the U.S. The company has also landed a $175m order for 10 39,000-tonne product carriers from a Greek shipping concern.

At the end of October, Daewoo's order book included 78 ships for a total of 2.04m tonnes worth more than $2bn.

Hyundai Heavy Industries, which has seven dry docks ranging in size up to 1m dwt capacity has a backlog of 55 ships, amounting to 2.2m tonnes worth $1.2bn. Company executives say, however, they have no large deals in the offing and are worried about keeping their Ulsan yard busy after 1986.

Korea Shipbuilding and Engineering and Samsung Heavy Industry, South Korea's other two major yards, have even shorter order books, industry experts say, and may have to face tough decisions in 1985.

Another worry for the industry is the Government's intention to raise the cost of export financing as part of a general policy to reform the banking system and end financial subsidies to targeted industries. Up to now, the Korean Export-Import Bank has financed 56 per cent of a ship's price at 9 per cent for eight years, leaving the rest to be financed at commercial rates. Pressure from the industry has so far thwarted moves to raise the interest rate to 10 per cent.

Last month, executives from Japanese and South Korean shipbuilding companies met to find a way to help each other through the slump. The Japanese reportedly asked the Koreans to raise prices and to cut operational hours of their yards.

Korean companies, which have about 19 per cent of the world market, still think of themselves as newcomers. They are still paying back loans for building their yards and are not about to give up yet.

The Koreans do, however, seem to have given up hope for now of overtaking the Japanese industry, which accounts for over half the world's output of ships. Korean yards offer disciplined, relatively cheap labour, but the Government says Japanese workers are three times more productive.

Bus makers queue up for Bangkok contract

BY BOONSONG K'THANA IN BANGKOK

TWELVE international companies including European bus makers such as Leyland of the UK, Renault of France, Mercedes Benz of West Germany and Volvo of Sweden seem set to participate in a $400m tender for the right to operate Bangkok's financially-ailing bus service.

The 12 have purchased tender documents, at a cost of approximately $740 each, from the Bangkok Mass Transit Authority (BMTA), the state-run Bangkok bus agency, by the December 4 deadline.

Mr Pichate Satichawal, the BMTA managing director, said the companies were most likely to submit tenders by the January 15 cutoff date.

The 12 are Tripetch Isuzu, representing Japan's Isuzu; Swedish Motors (representing Volvo); J.F.G. Trading (Leyland); Thon Buri Assembly Plant (Mercedes Benz); Renault; Van Hool of Belgium; Berli Jucker (MAN of Germany); Singapore Motors; Thai Hino (Hino of Japan); Spain's Pegaso; Sofati Montreal of Canada and Beca Worley of New Zealand.

Industry officials said the bid would be hotly contested, noting that European bus makers would have a hard time competing with the tough Japanese contenders.

UK NEWS

EMPLOYMENT SECRETARY SAYS MINERS' LEADERS MUST COME WITHIN THE LAW

Scargill demands stronger TUC support

BY JOHN LLOYD, INDUSTRIAL EDITOR

MR ARTHUR SCARGILL, president of the National Union of Mineworkers (NUM), yesterday told leaders of the Trades Union Congress (TUC) that they must stop producing "mealy-mouthed resolutions" and begin to mobilise in support of the miners.

Mr Scargill's call, made at a rally at a Yorkshire colliery, came as the seven TUC leaders charged with liaising with the NUM met to consider the call from the mineworkers' delegate conference on Monday for total industrial support.

The signs are that the TUC will be cautious. A number of senior general council members – such as Mr Tony Christopher, general secretary of the Inland Revenue Staff Federation, and Mr Bill Whatley, general secretary of the shopworkers' union Usdaw – indicated yesterday that TUC support should be limited to lawful actions.

The TUC has privately made it clear that the NUM's decisions to defy the High Court and leave its £200,000 contempt fine unpaid were taken without reference to or advice from its officials or legal advisers.

Mr Scargill told the 1,000 mineworkers at the rally that receivers and sequestrators appointed by the court would not stop the union winning "the greatest victory in history."

Mr Tom King the Employment Secretary, said that TUC leaders must now say "absolutely loud and clean" to the NUM that it must come within the law. "If they go on, more funds will be lost. It is monstrous that when there is hardship among union members and their families that union money is being put at risk in this way as though they could win the battle – which they cannot."

The National Coal Board (NCB) is to come under increased pressure from the pit supervisors' union Nacods over the issue of redundancies. Mr Peter McNestry, the Nacods general secretary, is to write to Mr Ian MacGregor, the NCB chairman, to demand that the board reaffirm previous commitments to the union that all redundancies should be voluntary.

This follows comments made by Mr MacGregor at a meeting of the Coal Industry National Consultative Committee last month to the effect that he could not give such a pledge.

The Nacods executive, which met yesterday, also discussed a dispute between the board and its members in the North-east of England, where the union alleges a number of members have been sent home without pay, the issue which almost precipitated a Nacods strike. It now seems, however, that the two sides have backed off from confrontation.

Leaders of the National Working Miners Committee yesterday denied reports that they had received advice from Mr MacGregor or other NCB officials. Mr Tony Morris, a committee member said: "We have had neither advice, nor money, nor assistance and we didn't ask for any. We have only begun taking money from business in the last few weeks after it was clear that Scargill was taking money from the Libyans."

● Legal moves have been started to have the strike in two more areas of the NUM ruled unofficial and illegal, the High Court was told yesterday, Raymond Hughes writes.

A South Wales miner and a member of the union's cokemen's group claimed the right to inspect union minute books to see how the strike in their areas had been authorised.

Mr Justice Vinelott granted Mr Paul Watson an injunction requiring the cokemen's area to allow him to inspect the minutes. The judge was told that, since the proceedings were started, arrangements had been made for Mr Ieuan Thomas to see the South Wales minutes today.

Mr Richard Slowe, counsel for both men told the judge that when Mr Thomas and his solicitor had previously gone, by appointment, to inspect the books at the South Wales union's offices. they had been attacked.

Mr Moss Evans

Transport union will refuse to pay fine

By Philip Bassett, Labour Correspondent

LEADERS of Britain's largest union, the Transport and General Workers (TGWU), yesterday decided not to pay a £200,000 fine for contempt of court in a case arising out of the new Trade Union Act.

The TGWU's general executive council endorsed a report by Mr Moss Evans, the union's general secretary, on the legal action brought by Austin Rover, BL's volume car subsidiary, against the TGWU and other unions for their failure to hold a ballot before a strike last month.

No vote was taken on the executive when it discussed the issue yesterday and on Monday. Executive members simply acknowledged Mr Evans' reaffirmation to them of the TGWU's binding decision, at its policy-making biennial delegate conference last year, not to co-operate with the Government's labour legislation – and, specifically, not to pay any fines arising from it.

The union would make no formal statement yesterday. TGWU leaders are concerned that previous statements have been used in evidence in court against the union. But the TGWU is set to make an announcement tomorrow on the executive's decisions on the range of issues discussed this week.

While the TGWU's decision will give comfort to the National Union of Mineworkers in its conflict with the law over the pit dispute, it is not yet clear whether the TGWU's stand will place it in confrontation with the courts.

TGWU leaders are seeking further legal advice and there is a strong possibility that the union will break with its policy of refusing to attend any court hearings by appearing in court when the case returns there on Monday.

The defence considered by the TGWU is understood to rest on three main grounds:

● That the union did not initiate the action at Austin Rover – the defence successfully used by the white-collar engineering union Tass to avoid a fine, although not to avoid being found to be in contempt.

● That Austin Rover, by providing the facilities for mass meetings and the time for them to be held, effectively encouraged workers to attend them, rather than the ballot required under the 1984 Act.

● There is no requirement under the 1984 Act to fine unions for failing to hold a ballot – simply that they lose their legal immunity from civil action if they fail to do so.

The fine, however, was for contempt of court – described by Mr Justice Hodgson as "one of the worst cases of disobedience of this court that there can ever have been" – not for being in breach of the provisions of the 1984 Act.

The union may also argue that its contempt has not and cannot be repeated, since the strike over pay is now over.

Even so, the court may still decide to order the sequestration of the union's assets because of its decision not to pay the fine. Lawyers for the TGWU may argue that because it is only a single attempt, and because the union's policy binds it to this course of action, sequestration should be only limited.

Discovery by Texaco confirms new North Sea oilfield

BY DOMINIC LAWSON

TEXACO, the U.S. oil company, has found oil in a North Sea block 105 miles due east of Aberdeen. The well is reported to have flowed at a rate of 5,200 barrels a day.

The discovery is 1¼ miles southwest of a Texaco discovery on block 21/24 and confirms the existence of a new North Sea oilfield.

Both discoveries are shared equally between Texaco and Chevron, also of the U.S. Oil analysts believe that the field could amount to 50m barrels of recoverable oil.

This may not, in itself, indicate commercial development, but both discoveries are just west of Shell/Esso's Gannet oil cluster.

This collection of oil accumulations is thought to amount to at least 200m barrels, and it is believed that Texaco and Shell have had informal discussions about some way of developing their fields in tandem.

Sovereign Oil & Gas, the UK exploration company, also revealed yesterday that it had tested high pressure gas on its block 319/28, 150 km North East of Shetland.

Although the discovery appears too small to be developed commercially it is further north than any previous discovery of UK North Sea oil or gas and will, therefore, encourage the oil industry. Other UK oil companies involved in the Sovereign find are North Sea & General, and Trafalgar House.

Lasmo, one of the UK's leading independent oil companies, has found oil and gas on a well offshore Gabon. It is the second oil discovery by Lasmo in the area, and the company said yesterday additional drilling would be carried out on both prospects. Analysts believe the two discoveries could add up to 100m barrels of recoverable oil. Lasmo has a 25 per cent stake in the fields, its partners being Tenneco and Conoco, both of the US.

Britain's Little Texas, Page 9
Statoil price move, Page 18

MPs braced for revolt over student fees cuts

BY OUR PARLIAMENTARY STAFF

SIR KEITH JOSEPH, the Education Secretary, conceded in the House of Commons yesterday that opponents of plans to increase parental contributions to student grants and fees had "a strong case" over the timing of the move.

Conservative critics of the proposals dominated questions by MPs. Only Mr Ralph Howell spoke in support of Sir Keith, indicating that the Government could face a substantial revolt at the end of tomorrow's debate on the autumn economic statement.

This is expected to focus on the education proposals unless senior Tories are successful in finding a compromise which will reduce the immediate impact on parents – the main concern of many MPs.

Sir Keith insisted that students would remain heavily subsidised by taxpayers, many of whom were less well off than students would be after graduation.

Sir Keith Joseph

Sir William van Straubenzee was cheered, however, when he accused Sir Keith of straining the loyalty of Tory MPs.

Court clears Dixons bid for Currys

BY CHARLES BATCHELOR

THE HIGH Court in London yesterday cleared the way for Dixons, the electrical group, to complete its £248m takeover of Currys, its retailing rival.

After two days of hearings Mr Justice Vinelott rejected as "fanciful" and "flimsy" the arguments put forward by Currys and by Scottish Amicable Nominees, one of its shareholders, and ordered Scottish Amicable to pay costs for both sides.

He granted Dixons' applications to lift the injunction obtained by Currys and Scottish Amicable late on Friday evening blocking the takeover bid.

The judge's ruling frees Dixons to continue acquiring Currys' shares from shareholders who have accepted the bid. Trading in the shares of the two companies, which have been suspended at their own request since Monday, is expected to resume today.

Morgan Grenfell, merchant bank advisers to Dixons, said it hoped the court ruling would demonstrate there was no need for the contestants in takeover battles to resort to the law as in the U.S. model.

Currys and its merchant bank advisers S. G. Warburg were in talks last night with the Takeover Panel. The panel said it did not regard Currys resort to the law as a threat to the self-regulating principle of the City of London.

The arguments in court concerned two main issues – Scottish Amicable's right to withdraw its original acceptance of the bid in respect of its 0.68 per cent holding in Currys, and Dixons' right to count shares which had not been registered with their new owners towards its total of acceptances.

On Friday afternoon Dixons declared its offer had gone unconditional at 12.15 pm with acceptances from 50.8 per cent of the shares. If the Scottish Amicable had withdrawn its holding Dixons' stake would have fallen below the crucial 50 per cent level, Currys argued.

Mr Justice Vinelott said he accepted that the document presented by Scottish Amicable's stockbroker, W. Greenwell, to Morgan Grenfell, in an attempt to withdraw its acceptance, was not valid.

The photocopy of a letter from Scottish Amicable which Morgan Grenfell rejected was not in itself a letter of withdrawal but was merely an authority for someone to sign a letter of withdrawal, the judge said.

Currys also argued that even if Scottish Amicable was not allowed to withdraw its acceptance, Dixons still did not have sufficient valid acceptances to declare its bid unconditional.

Mr Justice Vinelott accepted that Morgan Grenfell was entitled to count acceptances which had been certified by the registrars or the Stock Exchange even if the shares themselves had not yet been registered in the name of the new owner.

UK NEWS

Belfast shipyard wins £30m contract

HARLAND AND WOLFF, the state-owned Belfast shipyard which is not part of British Shipbuilders, has won a £30m order from British Steel Corporation (BSC) to build a large bulk carrier to import iron ore.

The vessel will be 173,000 deadweight tonnes, the same size as a similar ship delivered by the yard to BSC earlier this year. That ship, called British Steel, docked at the Teesside terminal of Redcar last week with her first cargo, 153,000 tonnes of iron ore from Brazil.

BSC carries about half its annual imports of 14m tonnes of iron ore and 3m tonnes of coal and coke in its own ships. The new ship will actually be owned by Lloyds Equipment Leasing, part of Lloyds Bank, and chartered to BSC for 16 years.

For BSC the attractions of the deal are that 25,000 tonnes of its own steel plate and sections worth £6.5m will be used in the ship's construction. BSC will also have its own modern tonnage available when needed, and the financial advantages of the leasing deal, along with subsidies, have enabled Harland to match Far Eastern prices and beat off competition for the order.

Neither side would give details of the financing arrangements yesterday. The four ships already built by Harland for BSC in the past seven years total over 530,000 dwt.

For the Belfast yard, which sharply reduced losses in the past financial year, the new order brings its total workload up to £225m, of which £150m has been won in the past year.

The large size of the ship is in line with order trends in world shipping markets, though most ships in this range are being built in Japan.

Vessels of this size are built with fixed cargoes and routes in mind, such as Brazil or Australia to Japan. Thus, BSC would find it hard to charter such tonnage, especially of new and fuel-efficient vessels, in the open market.

There are more than 30 bulk carriers on order in world yards above the 160,000 dwt size, more than half of them in Japan.

British Shipbuilders, with yards in England and Scotland, was not seriously in the running as it does not have a single dock large enough for such a big merchant ship.

□ **BRITAIN** is to investigate reports that flights taking food to famine-stricken areas of Ethiopia have been halved because of grain shortages. Mr Neil Kinnock, leader of the Labour Party, complained in House of Commons that Royal Air Force flights had been reduced to three a day because there was little grain left in Addis Ababa.

□ **UK EMPLOYEES** working in the U.S. will no longer be required to make social security contributions in both countries under a new agreement between the two countries. Employees sent to work from one country to another will be required to pay social security contributions only to their home scheme for at least the first five years.

People who have paid contributions under both the UK and U.S. schemes will be able to aggregate their insurance for the purposes of qualifying for a retirement pension and in certain circumstances for invalidity benefit.

□ **GROWTH** of Jersey's finance industry has helped the island to show a budget surplus of £17m this year. The estimated surplus for 1985 is put at more than £25.5m. No increases in direct or indirect taxation are proposed for next year and income tax allowances are to be improved in line with the cost of living.

□ **ROYAL ORDNANCE** works (state-owned weapons factories) were brought to a standstill by a one-day strike in protest at plans for 1,819 job losses in advance of privatisation. The Defence Ministry said all manual workers and about half the white collar staff at 13 plants went on strike.

Heath criticises Tory plans to scrap councils

BY IVOR OWEN, PARLIAMENTARY STAFF

MINISTERS were warned last night by Mr Edward Heath, the former Conservative Prime Minister, to prepare for their plans to abolish the Greater London Council and the six English metropolitan country authorities to be overturned by the House of Lords.

In a biting indictment of the mishandling of changes in local government by the present Cabinet, he forecast in the House of Commons that while the Local Government Bill would not be rejected outright by the Lords, it would be so radically amended that the preservation of an overall elected local government body for London and the other large centres would be unavoidable.

His condemnation of the provisions, which will lead to the replacement of directly elected authorities by a proliferation of indirectly elected nominated bodies, was powerfully endorsed by another former Conservative Cabinet minister, Mr Geoffrey Rippon.

Mr Heath claimed that the commitment to abolish the Labour-controlled Greater London Council and the six metropolitan counties had been made against the wishes of the Conservative Party's policy committee and without the general assent of Conservative MPs representing constituencies in the Greater London area.

He contended that it would be unprecedented for such an important change in the structure of local government to be made without a public inquiry. He protested: "What we are seeing is the complete fragmentation of local government and for one purpose only – so that the Government can have more power over local authorities to deny them the money which their local constituents want them to have in order to carry out the services they have."

Mr Heath ridiculed the position of ministers like Mr Kenneth Baker, the recently appointed Minister of State for Local Government, and Mr William Waldegrave, a junior minister at the Department of Environment, who, as a result of the Government's ill considered policy, had found it necessary to "stand on their heads" and repudiate views they had expressed in the past.

Mr Rippon warned that the powers which the Bill conferred in the Environment Secretary struck "at the very heart of our democratic society." He declared: "I believe these powers are intolerably far-reaching and unacceptable."

He questioned whether the Government's claim that the abolition of the seven authorities would produce big savings could be justified. Even on the most optimistic interpretation of the figures, he believed that the savings would be negligible.

Telecom goes to U.S. for refurbished image

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

LANDOR ASSOCIATES, the U.S. design consultancy, has won a second major British design project. British Telecom, which has just been privatised by the UK Government, has awarded it a substantial part of a contract to create a new corporate design identity.

This follows the decision by British Airways – also due to be offered to private shareholders early next year – to spend £42m on a new livery.

Neither Lander nor British Telecom would reveal any details of their design contract yesterday. The use of the U.S. company to handle the image of the airline has been criticised by some of Britain's leading designers, notably Sir Terence Conran.

Landor has several other airline clients, including Alitalia of Italy and SAS, the Scandinavian airline, in consultation with Chester Jones, a UK company.

The new British Airways livery will be based on three colours – pearl grey, midnight blue and red. It will be used for all the fleet with the exception of Concorde which is to have a livery of its own.

The aircraft will have the top fuselage in grey and the bottom in blue with a long red "Speedwing" flash along the sides below the name British Airways in capital letters. The tail fin will continue to bear the partial Union flag emblem, but surmounted by the airline's heraldic coat of arms.

Commenting on the cost of the new livery, Lord King, chairman, said at the unveiling ceremony at Heathrow, London, yesterday that the overall cost would be £42m spread over two to three years. Much of that expenditure was necessary anyway, since the airline already spent up to £15m a year on refurbishing, including repainting aircraft.

"We are going to accelerate that process," said Lord King. As aircraft become due for repainting under normal maintenance, they will be given the new livery, but where possible the work will be speeded up to ensure that the entire fleet has the new look within about two years.

The external cost of the new livery – the money to be spent outside the airline on materials such as paints, textiles, carpets, new shop and property signs, stationery and in-flight equipment – will amount to about £24m out of the £42m. This will be spent at UK manufacturers.

Another aspect of the changes will be an entirely new design of uniform for stewardesses and other staff, to be produced by an undisclosed British design company, and to be unveiled soon.

A new image, Page 10

Sizewell claim denied

BY A SPECIAL CORRESPONDENT

THE CENTRAL Electricity Generating Board (CEGB) yesterday challenged a claim by a French engineer that radiation dose targets for workers at its proposed Sizewell B nuclear power station were unrealistically low.

M Jean-Claude Zerbib, a radiation protection engineer, told the Sizewell B public inquiry yesterday that radiation doses received by workers at 30 similar pressurised water reactor (PWR) plants worldwide were nearly double the CEGB's target. The average dose was 450 rems compared with the CEGB target of 240 rems.

Lord Silsoe, QC, counsel for the CEGB, suggested that M Zerbib's conclusions were based on false comparisons.

The reactors studied, he said, were not the same design as the proposed Sizewell reactor, and some were antiquated and had suffered problems which had since been resolved. No account had been taken of advances in remote handling techniques and other improvements.

BP drivers offered 9% pay deal

By Our Labour Staff

BP is offering its 1,500 tanker drivers a two-year pay deal, giving an overall increase of 9 per cent. The move, which breaks new ground in wage negotiations this year in the oil industry, looks likely to be accepted by the distribution workers.

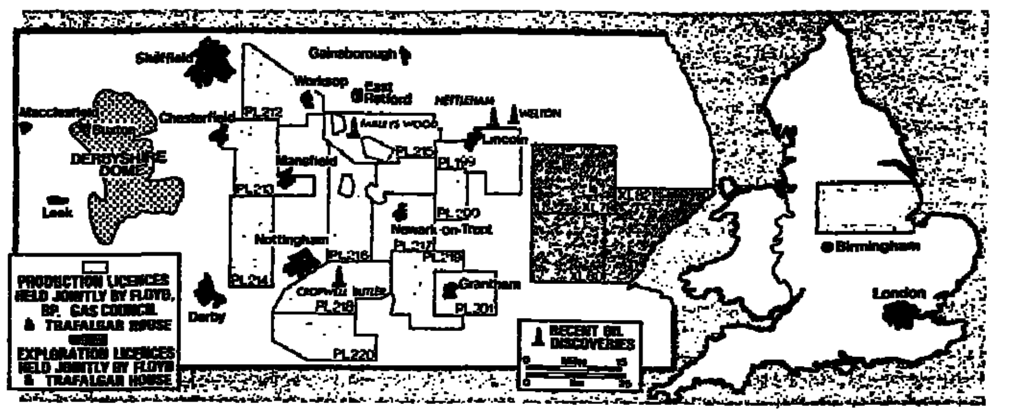
The offer, if accepted, could set the pace for negotiations in this sector in the present wage round. Esso is still involved in talks; union leaders representing Shell's 1,500 drivers will next week submit a pay claim for settlement in March.

Although the BP offer when split into annual rises is lower than some being struck this year, union negotiators appear to be satisfied.

Lay delegates representing the company's drivers have agreed to recommend acceptance of the offer. A conference of senior shop stewards in the Transport and General Workers' Union met yesterday to endorse that recommendation.

BP sets pace in a little Texas

BY DOMINIC LAWSON



DRIVERS on the A518 road out of Lincoln in eastern England may be excused for rubbing their eyes. Both to the left and to the right of the road oil rigs are puncturing the skyline only a few miles from the cathedral city.

"At night with the rigs all lit up, it reminds me of Texas," says Mr Tod Floyd. Mr Floyd means this in the nicest possible way. He is the founder chairman of Floyd Oil, which has a 25 per cent stake in a rig on the right-hand side of the road. This is called the Cherry Willingham well, and Mr Floyd has high hopes that it will turn out to be called the Cherry Willingham oilfield.

On the other side of the road, a rig is drilling on British Petroleum's Welton oil discovery. This contains at least 10m barrels of crude oil and the Government has just given BP the go-ahead to develop the field, at a cost of £27m.

While the media and financial markets have concentrated on the exploits of the oil industry in exploring for oil and gas in the stockbroker belt around London, BP has become very enthusiastic over prospects in the East Midlands.

Mr David Green, British onshore operations manager, says that BP plans to drill 60 exploration and appraisal wells onshore in the UK for each of the next four to five years. Last year 21 wells were drilled in the UK by the entire industry, and that was the second busiest year yet for onshore drilling.

Mr Green does not include, in what he describes as "this massive work programme," any wells that are planned on BP's Wytch Farm oilfield in Dorset, the biggest onshore discovery in Western Europe. The great majority of the wells are to be drilled on the so-called "East Midlands shelf," which spreads across parts of Nottinghamshire, Derbyshire, Lincolnshire, Leicestershire and Yorkshire. According to Mr Green, one of next year's wildcats will be sited "bang in the middle of Mansfield" (a Nottinghamshire town).

In exploring the East Midlands, BP is going back in history. In 1939 it struck oil at Eakring, Nottinghamshire, followed by three nearby discoveries. In the second world war, BP managed to wrest over 300,000 tonnes of crude oil from the fields, Britain's only oil supplies out of range of the U-boats.

Although BP made a few small discoveries in the Midlands in the immediate post-war period, its interests in the area waned as the North Sea's development started up in the mid-1960s. But in 1981 BP discovered, and in 1983 successfully appraised, an oil discovery near the Lincolnshire village of Welton.

The field's reserves exceeded anything previously found in the area, and over the last year and a half BP has made a string of further oil discoveries in the vicinity. This year BP astounded UK oil analysts by naming the East Midlands, along with offshore China, as the area where it had highest hopes for future oil discoveries.

BP has been finding significant amounts of oil near sites which were drilled and abandoned in the 1940s and 1950s. The recent Nottinghamshire Farley's Wood oil discovery, which BP hopes to develop, is near a 1943 Farley's Wood drilling campaign which was abandoned as a failure.

Another recent BP Nottinghamshire discovery, Cropwell Butler, is only hundreds of metres from an abandoned 1958 well. According to Floyd Oil, a partner in the Cropwell Butler discovery, the new well is producing oil "in significant amounts."

The advent of modern seismic technology has much to do with this renaissance in the East Midlands. Many of the earlier generation of wells were based on no more than analysis of the visible contours of the land.

Mr Schoerd Schuleyman, BP's onshore exploration head, comments: "When I arrived in the East Midlands I thought I was coming to a mature oil province. I've been amazed to find that it is no different from the world's frontier oil provinces."

He says that BP will be concentrating its onshore efforts on the so-called "4 Party Joint Venture," a consortium equally shared by BP, British Gas Corporation, Floyd Oil and Trafalgar House. This group is exploring 620,000 acres in the East Midlands, but must relinquish half of that swathe by August 1986.

This awkward fact explains much of BP's current onshore activity. It desperately wants to avoid leaving any prospect undrilled, now that it has belatedly upgraded the whole area. It seems that some of BP's partners feel that this is partly the result of a far too slow seismic and drilling campaign since the 4 Party Joint Venture was set up in 1975.

The partners in the venture seem sanguine that many more oil discoveries of up to 10m barrels each will be made on their 620,000 acres. Ironically, British Gas will not be allowed to keep any of that oil, since the Government's policy is that the corporation should not be in the oil production business.

British Gas has already been ordered to sell its share in the Welton oilfield, although the corporation is hoping to be able to swap any of its onshore oil discoveries for gas discoveries of similar value.

According to Mr Floyd, the East Midlands is so cheap to develop that discoveries as low as 500,000 barrels could be commercial. Most importantly for the oil companies, they have come across none of the local environmental pressure group opposition that has delayed the development of discoveries in the south of England.

The Welton development is set in attractive open countryside, but it is also in a part of the country familiar with another extractive industry, coal.

Kodak to close film processing laboratory

By Walter Ellis and Stephen Feldman

KODAK, the U.S. photographic group, is to close its colour processing laboratory at Hemel Hempstead, north of London, in April with the loss of 160 jobs.

The plant is one of the most famous processing laboratories in Europe and has been developing and printing films at Hemel Hempstead since 1957. Many of the best-known British professional photographers use its services and will now have the work carried out by Kodak in Paris. The company says that the film turnround period will be unaffected by the change.

Kodak says it has become uneconomic to continue with the work in the UK. Kodachrome film, which has to be processed by the manufacturer, has lost ground in Britain in recent years as cheaper, more convenient processes have become available. On the European continent it remains widely used, especially in France.

Super Eight film from Kodachrome will be processed in future at Stuttgart, West Germany.

Kodak employs 8,700 people in the UK. There have been about 4,000 redundancies in recent years, nearly all of them voluntary. The planned Hemel Hempstead closure is the first complete shutdown and is being opposed by the Transport and General Workers Union on the grounds that it was never properly negotiated and offers inadequate severance terms.

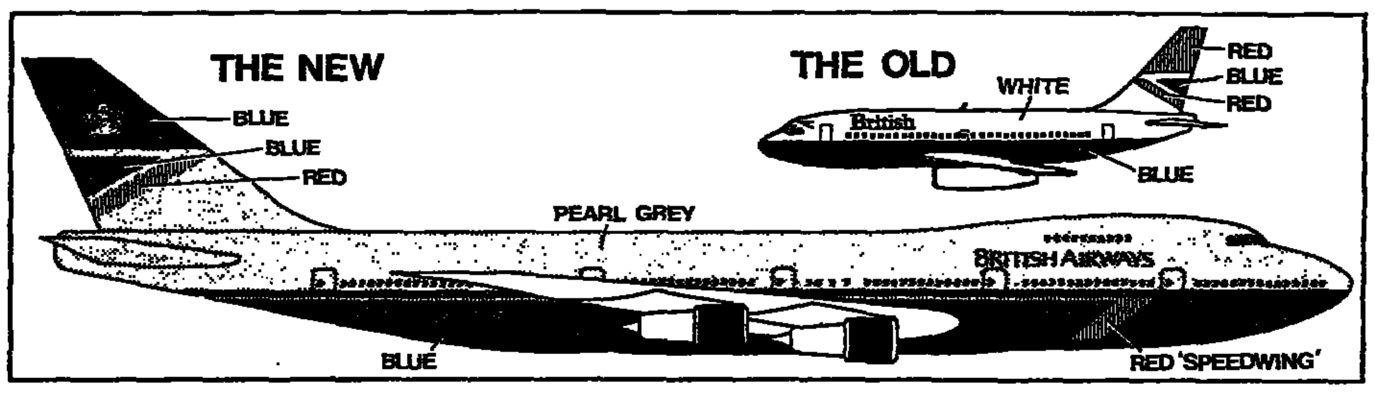
Kodak points out that still and movie film from Britain has been sent to France and West Germany for some time. The facilities there are said to be the most advanced of their kind in the world.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Why British Airways is changing its colours

Alan Brew explains the background to the re-design of the airline's corporate image



ANCHORED off pier 5 in San Francisco harbour is a converted ferry boat called the Klamath. From the ceiling of a room which overlooks the bay hang scale models of aircraft bearing some of the 17 airline liveries which Landor Associates, the world's largest design consultancy, has designed since 1969. They include Alitalia, Singapore Airlines, Thai Airways, SAS, and Ansett Airlines of Australia. Soon another will be added, bearing the new corporate colours of British Airways.

The new model will take pride of place at Landor's floating HQ. It represents "probably the longest and most comprehensive design exercise of its kind," according to John Diefenbach, Landor's president. It has certainly been one of the most contentious corporate identity programmes the firm has undertaken.

Yesterday the real thing was noisily unveiled in a hangar at London's Heathrow Airport by British Airways. Two sleek and shining Boeings—a 747 and 737—were scrutinised by the *invited audience of 200.* There was the already controversial crest on the modified tail flag. The familiar dark blue fuselage belly was still there, but along its length ran the "speedwing," a thin red line just inside the blue which terminated in a downward tick repeating the diagonal red stripe of the tail flag. On the pearly grey upper half of the fuselage, in place of white, the full title of "British Airways," instead of just "British" was picked out in smaller unfamiliar lettering.

For the airline it was the culmination of weeks of frenzied activity, during which nerves became increasingly frayed in the face of a shrill chorus of criticism after parts of the new design appeared in the press.

But the significance of the identity change lies beneath the graphic images. The programme *is intended to signal* a set of newfound values within BA and serves to give at least the appearance of strategic coherence as the airline makes the potentially hazardous flight into privatisation next February.

The whole programme will take about two years to implement fully on all its 167 aircraft (both outside and inside), and on check-in desks, lounges, shops, ground vehicles and all *printed material,—timetables* tickets, baggage tags, etc. BA calculates it will cost about £24m (including the £2m Landor fee), about half a percent of the expected revenue over the period and the same cost as the current advertising campaign devised by Saatchi and Saatchi.

The last three years have been a period of dramatic shake-up for the state-owned airline, which now shows signs of really turning itself round. Under the chairmanship of Lord King a 1981 loss of £95m has been turned into a profit for 1983-84 and one of £189m for the last six months. The arrival of *Colin Marshall* from Avis as the new chief executive in February 1983 gave added impetus for the cost cutting and rationalisation to be accompanied by a new marketing strategy based on service. *During the summer* of 1983 15,000 customer service staff were put through a two-day "putting the customer first" programme (see FT April 24 1984), catering was substantially improved and the Saatchi ads were delivering the new hi-tech electronic promise of "the world's favourite airline."

But Marshall felt that BA's corporate identity (its visual image) was badly out of joint with its new service-led strategy.

Landor's reputation in airline work was not unknown at BA. Jan Carlzon's now legendary turnaround of Scandinavia's SAS into one of the world's most profitable airlines—Airline of the Year in 1983—was backed up by a corporate identity programme by Landor.

According to Stuart Luxon, BA's general manager, marketing services, the whole business of BA's corporate identity was being handled in an ad-hoc and unco-ordinated way. He says the existing livery with its stark red, white and blue was too reminiscent of the Carnaby Street, swinging London era which was no longer appropriate (although still much loved by BA staff).

Reach all markets

It was designed in 1973 by Negus and Negus and consisted of a stylised Union Jack flag on the tail, white and blue fuselage, with British Airways in red and blue lettering (shortened to the single word "British" two years ago) and a small speedbird, the old BOAC symbol, near the nose. The firm is still retained by BA for various projects.

"We needed something to *signal* that changes were taking place," says Luxon, "something distinctive and broad enough to *reach all markets. The existing* one has been good, but there was tremendous pressure to get things moving, and we had left it for as long as we could."

BA says that Landor was already working on new interior designs for Concorde by the time this realisation had fully entered the corporate consciousness. Two British design firms, Negus and Fitch and Co, to*gether with another U.S. firm,* were invited to submit designs for other aircraft interiors. But Landor's work had already impressed, its track record was known and it was invited to handle the entire programme.

Luxon says the work was not put out to tender because "a lot depends on the interaction between the designer and the client." There was pressure to do something immediately in the *summer of* 1983, and competitions, apart from being a slower process (submissions often have to go back for amendment — "look at the National Gallery") did not achieve anything.

"Like all brave marketing decisions, it was an act of faith," says Luxon. "We knew what we wanted, we knew what was available, and we knew what Landor could do."

It is the fact that this design plum was seemingly handed on a plate to Landor, a U.S. firm to boot, which has so incensed certain sections of the British design community.

The focus of the criticism about the work appears to be the use of the BA crest (motto: to fly, to serve) which was devised by the College of Arms in 1975. It already appears on some printed material (menus, etc) on uniforms and in the entrance hall of Speedbird House, BA's headquarters at Heathrow. Landor has placed it on the tip of the tail of the aircraft where, it says, it constitutes an endorsement, a hallmark of quality and is not a major part of the new design.

But the director of the Society of Industrial Artists and Designers, Michael Sadler-Foster, considers the design (the crest) to be wholly inappropriate for an airline" and more in keeping with a packet of cigarettes."

But this view is not universal. Wally Olins of Wolff-Olins, the British corporate design specialists which competes with *Landor regularly for corporate* identity work, views the controversy with some disdain.

"The most distressing aspect of all this is that it highlights the design community's lack of confidence in itself," says Olins. "I must dissociate myself from the whole unpalatable business; it has the sickly smell of xenophobia about it."

The yelps of anguish are likely to get louder with the news that a major part of another design plum, this time in the shape of the newly-*privatised British Telecom, has* fallen in to Landor's lap. (So far BT has declined to comment.)

Meanwhile, Landor has been biting its tongue and views the fuss with a certain amount of equanimity.

But many British designers will be discomfited further to learn that Landor's London office, which is also the European headquarters, will be as large as San Francisco's inside five years with possibly up to 100 staff.

Whatever the pros and cons of the controversy the important thing for BA is that the once floundering and unwieldy airline now feels that it has a coherent identity which is based upon a coherent strategy and which signals a sense of common purpose.

The 5-point design plan

APART from the £2m fee, the BA project represents 18 months of intensive work for Landor. A team of up to 30 *senior people was involved* in more than 1,000 meetings with various levels of the airline's *bureaucracy at a par*ticularly volatile period.

To a certain extent Landor's name is flying with BA. It will be more than happy for its work, considered by one British designer in a moment of more sober reflection to be "an American version of British good taste," to be judged on results, and not solely on taste.

John Diefenbach, Landor's *president, was invited by* TV-am to a debate on the work with Sir Terence Conran, the self-appointed spokesman for British designers in the controversy over BA's change. He declined but said he might consider it in a year's time when the real value of the new work will be apparent.

The starting point for Landor was BA's statement—"Our corporate goal is to become the best airline in the world," which emerged dur*ing the first phase of analysis* in Landor's four phase methodology. In this period the BA organisation was analysed, its current position against competition established with the use of "perceptual maps," and its goals identified and defined.

There were four basic reasons why BA wanted to change:

There had been a complete overhaul of the management structure; the character of the airline was changing; the new advertising strategy was emphasising technological capability and *electronic-style precision; and* privatisation was imminent.

By November 1983 the work *of phase one was reviewed.* A review of all aspects of BA's identity was made and the strong, valuable image element ("equities" in Landorspeak) were identified and isolated. BA's position as the UK flag carrier was important strategically to the airline and had to be retained. *But use of the stylised Union* Jack created problems.

Apart from BA's own feel*ings about the Carnaby Street* quality of the strongly coloured flag symbol on the tail, Landor's view was that, as the dominant visual image of the airline, it did not transfer well on to other aspects of BA's identity (shops, printed material, and so on) and was an inadequate device for a single central identity. "It was only really effective on the tail," says Diefenbach.

There was, it was felt, also an associated marketing problem. The large union jack in *strident primary colours, to*gether with the single word "British" was seen to be an over-aggressive nationalistic statement which was strongly negative, particularly in Kenya, India and Australia.

A five-point design platform was developed between Landor and BA on which the design brief was built. This was:

1—Putting the customer first. This was the fundamental marketing strategy BA was developing with its emphasis on service.

2—Distinctiveness from competition. BA and its main competitors had a similar look which consisted of a white fuselage with strong nationa*listic images.*

3. Discontinuity from the past. BA was anxious to signal change.

4. Pride of origin. Taken to indicate values rather than nationalism.

5. Precision and professionalism. Extolling the technological innovation and competence *of the airline.*

The second phase, design development, produced between 200 and 300 different design possibilities. Many abstractions for use as a symbol were developed, including several versions incorporating the flag in a more stylised manner. A computer graphics globe was considered, as was a design based upon the old BOAC speedbird (more for the sake of proving to BA that it would not work). The possibility of using BA as the basis of a symbol was investigated together with other word combinations such as British Air.

By mid-January two prototype designs were produced, one of which became the final choice, with the other representing an *intermediate* design between the original and the new design. All three were tested by market research in 10 countries chosen by BA—UK, U.S., France, Germany, Japan, Australia, India, Kenya, Saudi Arabia and South Africa.

Pride of origin

The image attributes tested were: British, reliable, professional, hi-tech, distinctive, modern, exciting and warm. The findings were analysed by Landor's research affiliate and they revealed that the final design scored better than the existing one on all image attributes except warm where the difference was so negligible as not to be statistically relevant.

The new design was refined as part of phase three and presented to the BA board on July 6 (the fourth implementation, then came into effect).

According to John Diefenbach the new design is based 30 per cent on the "precision and professionalism" platform and 20 per cent on "pride of origin."

The red speedwing, a thin red line which runs the length of the fuselage, was developed to encapsulate the hard-edged qualities of precision—"rather like a laser line," says Barry Rawlinson, Landor's London studio manager. The speedwing, together with the *new colours of blue and silver,* constitutes the dominant graphic image used on all BA's activities.

It is also seen as a modern successor to the old BOAC speedbird, which has now *completely disappeared. Barry* Rawlinson says that the bird image was an outmoded and passé piece of airline symbolism used to indicate that man could fly. However, it did not prevent a petition to save it being organised by BA staff.

The flag on the tail and the dark blue undercarriage were identified as "equities" and absorbed into the new design. "We are not in the business of change for change's sake," says Diefenbach. "We had to protect the franchise as well as establish change."

The flag has been modified into a more muted secondary design element and the crest was introduced to soften it further as a hallmark of "quality and grace."

The top of the aircraft was changed from white to pearl grey to get away from the "*white fuselage syndrome,*" to separate it from the field and also to "soften the visual con*tours of the aircraft and con*vey quieter confidence." The original intention was to use silver paint but this was found to be technically impractical.

The word "Airways" has been reintroduced and picked out on the fuselage—in a typeface called Basilia—with an eye to privatisation. "British Airways" is thought to be a more commercial proposition.

Landor estimates that about *75 per cent of the work was* spent on aspects of the project other than the aircraft livery. All the seats have been remodelled and refurbished in the new colour scheme and much of the aircraft interior has been redesigned, down to the toilet seats.

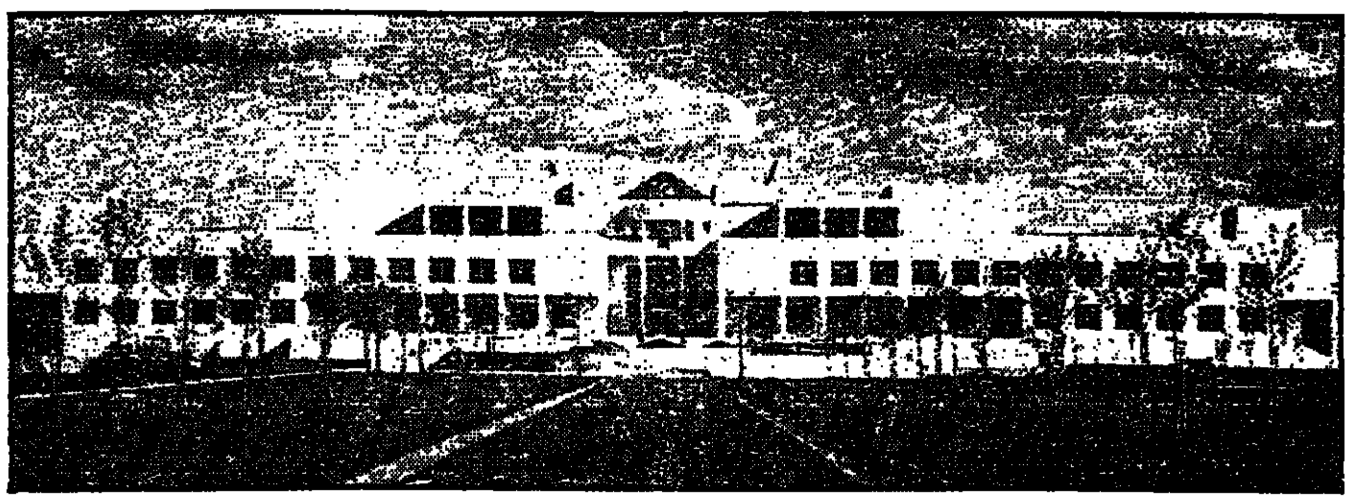
The last piece of the design jigsaw will fall into place with the appearance of the new uniforms to be designed by British *fashion* designer Roland Klein, who was chosen from a shortlist including the Emmanuels, designers of the Princess of Wales's wedding dress.

The Concorde—a different design proposition—will not appear until next April.

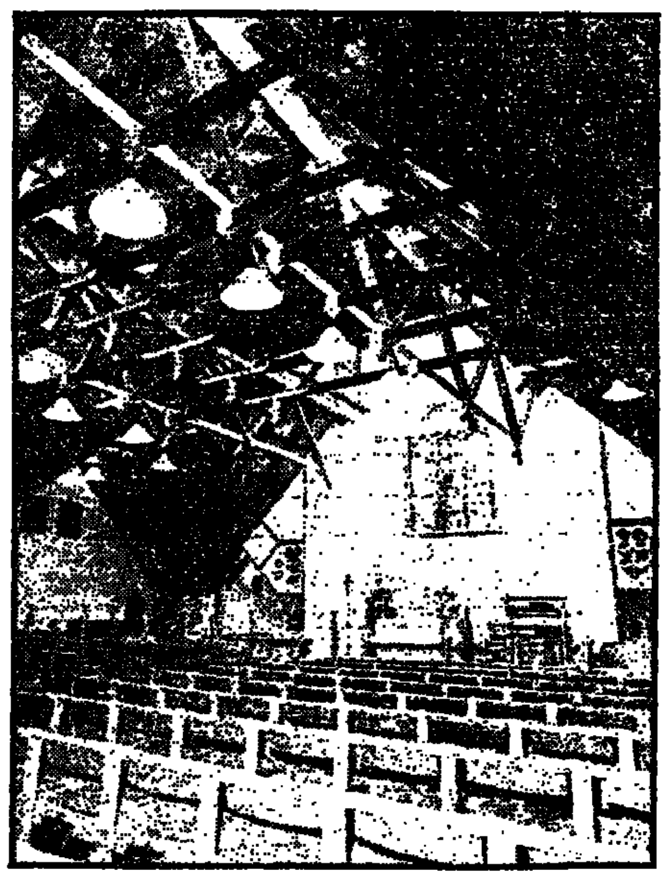
FINANCIAL TIMES SURVEY

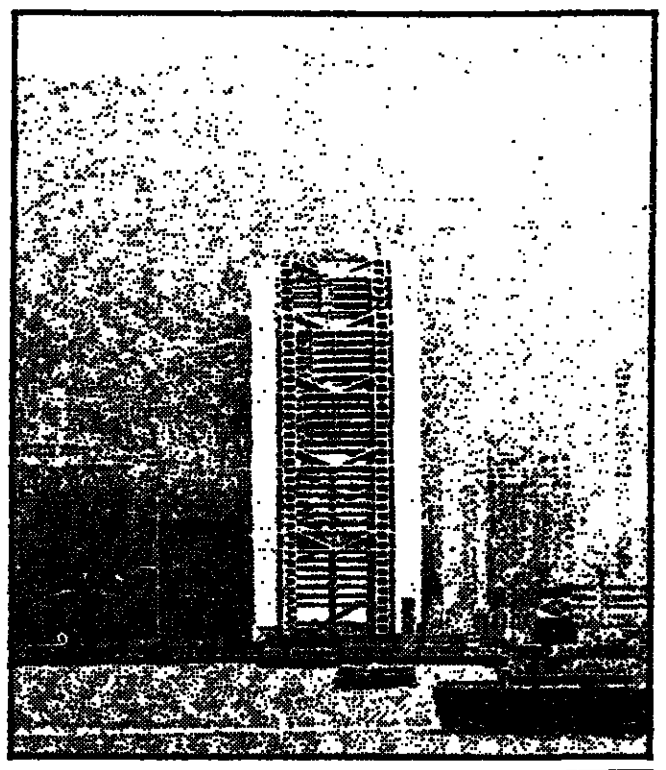
Wednesday December 5 1984

The FT Architecture at Work Award and commendations, announced today, are an indicator of rising standards in business architecture which is reflected in other fields. In this 150th anniversary year of the Royal Institute, the profession has been strongly criticised for not responding enough to what people want. But though controversial and ugly buildings are still going up, some of the leading practices are demonstrating design at its best.



Architecture





By Colin Amery

Architecture Correspondent

THE YEAR 1984 will be remembered, architecturally, as one in which the profession received a rude and largely unexpected awakening.

This year has been dedicated to the nationwide celebration of the Festival of Architecture—an event to mark the 150th anniversary of the Royal Institute of British Architects.

But it turned out to be the year that the public had its views reinforced by Prince Charles when he spoke at the RIBA's Gala Dinner, calling the proposed National Gallery extension "a monstrous carbuncle," and the projected Mies van der Rohe design for the City "another glass stump more suited to Chicago."

Prince Charles's criticisms were very much to the point and drew attention to the wholesale destruction of Georgian and Victorian housing in most of our cities. His complaint that architects and planners "ignore the feelings of the mass of ordinary people in this country" struck a powerful chord and he was highly critical of what has happened to London since the war, particularly to the City.

The speech very powerfully exposed the polarity of ideas between the profession and ordinary people who live and work in the buildings designed for them by architects. His plea was for more curves and arches —in short, for architecture which expresses feeling.

What the well-timed royal disapproval made plain was the enormous gap between the architectural profession and the public, and this is still the issue for the future.

Perhaps crucially, the very role of the architect is changing. In the first place, architects have new freedom, with the lifting of professional restrictions previously in force. They can now advertise their services, solicit work, tender and act as developers.

Many practices are now run as limited liability companies with boards of directors, and it looks likely that many architects will become entrepreneurial managers rather than professional consultants, or, as they once were, artists.

Yet, at the same time, the profession also faces competition from outside its ranks. Many of the architects' traditional functions are being carried out by quantity surveyors, chartered surveyors and project managers. On some larger projects the architect is no longer head of the design team.

Blame

Too frequently, the failure of much of the contemporary environment is blamed by architects on others. It is the planners, the developers, the cost accountants, the politicians who are asked to take the blame. Recently, even the critics have been thought to be conspiring to stop the progress of modern architecture.

This year has shown that the public want the architects to accept responsibility and, in an atmosphere of dialogue with their clients, start to rehabilitate the built world.

There is only good and bad architecture. Critics—those who write about architecture—should be looking for the best and presenting it to the world to encourage more.

Indeed, at this moment architecture in Britain could be about to see a renaissance. It will not come, however, from the older members of the RIBA; it will not be a continuation of the doctrinaire Modern Movement with all its political overtones.

Instead, the new architecture will be a responsive architecture. Respect for the past, a taste for colour and ornament have been seen by some architects as deviations from the modernist norm. Now those feelings are more acceptable.

Architecture is an art that must respond at all levels. It has to react to the artistic climate. Architects such as James Stirling (working on the extension to the Tate Gallery and designer of the superb Staatsgalerie in Stuttgart) have absorbed the eclectic range of influences that surround the visual arts and brought them into the art of building.

Jeremy Dixon, who is younger, has been one of the few designers to react to context, both visual and economic. He is under test at this moment designing the large new extension to the Royal Opera House, Covent Garden.

There are architects, too, who respond to the need for a sense of continuity and are attempting to evolve the classical tradition. Quinlan Terry, for example, builds in a perfectly classical way.

It is, of course, important for architects to respond to the innovations of technology. Their job is to find ways of humanising and utilising technology so that it is the servant and not the master.

Architects like Richard Rogers (designer of the new Lloyds in the City) and Norman Foster (designer-designate of the new BBC Radio headquarters in London and the new Hong Kong Shanghai Bank in Hong Kong) face the challenge of highly-serviced technocratic buildings that could date easily and may be difficult to maintain.

Both these architects are brilliant innovators—they build technical experiments that test the architectural language to the full.

It is in our housing and cities that we want the designers to be at their most responsive. Tower blocks are now being demolished, sometimes less than 30 years after they were hailed as a brave social experiment. The problem is not so much that they were towers—they were just not good enough. They had poor facilities for families, were meanly financed and poorly maintained.

The end of large scale public sector building programmes should be seen as an era of opportunity for architects. They have been freed to act in a far more adventurous and interventionist way.

Only an improved economic climate can ensure that more money is put into the construction industry, but the architect can act now to convince the public that he is the right person to be leading the design team.

Many architects are already doing this by drawing attention to the neglect of our housing stock, showing more sensitivity in the commercial development of cities, and looking ahead to propose some futures that acknowledge the new spirit of an interest in high art as well as high technology.

Prince Charles called for "a new harmony between imagination and taste and in the relationship between architects and the people of this country." This can come about only through increased responsiveness among the professionals.

There is no doubt that architecture in 1984 has reached a climacteric but the ideas and talent are there. Freedom brings new responsibility and the new kind of managing professional has every chance to succeed.

The one vital thing that should not be overlooked is that people want better architecture—the climate is more encouraging than it has ever been. It is up to the profession to deliver it.

● Three very different examples of modern architecture. Top: new headquarters for the Insurance Farmer' Union Mutual Insurance Society at Stratford-upon-Avon (designed by Robert Matthew, Johnson-Marshall); Parish Church of St Mary, Barnes, West London, by Ted Cullinan; and (right) an impression of the Hong Kong and Shanghai Banking Corporation building under construction in Hong Kong (Foster Associates).

Design standards rise and reveal new talent

Awards and industry

COLIN AMERY

TODAY'S announcement that Norman Foster is the 1984 winner of the Financial Times Architecture at Work Award, for the Renault Centre in Swindon, Wiltshire, marks an unusual achievement for him as an architect. He was spotted as a brilliant young designer when he won the first Industrial Architecture Award in 1967 in his then partnership with Richard Rogers—Team 4.

The success of the Renault building is an indication that the high design standards demanded by the Financial Times Award have continued since its inception. The inclusion in the 1984 list of commendations of the work of Evans and Shalev also continues the award's tradition of selecting younger firms who are designing their first building for industry.

The Financial Times instituted its Industrial Architecture Award in 1967, at the instigation of its then joint general manager, Mr Alan Hare, who felt there was a real need to encourage industrialists to erect better-quality buildings.

The industrial environment had not enjoyed the attention that had been paid to the expanding New Towns, the burgeoning office block boom and the impressive public investment in educational and medical facilities. Private industry as well as public enterprises enjoyed a boom in the 1960s but this was not reflected in an immediate environmental improvement.

A comparison between British industrial estates and their equivalents in Scandinavia in the 1960s made it clear that Britain suffered from an excess of old plant and an ill-planned assortment of new buildings.

The award was introduced to promote the idea of producing better buildings in sympathy with their surroundings, and that an improved working environment meant better production and a happier work force. Its effects have been important. It has the advantage of being the only award that specifically concentrates on industrial (and now commercial) buildings and the only one that is awarded independently by a completely non-architectural body.

The objective of the Financial Times award has always been to encourage enlightened patronage of the best architects and designers—and the results over the years have shown an encouraging raising of design standards.

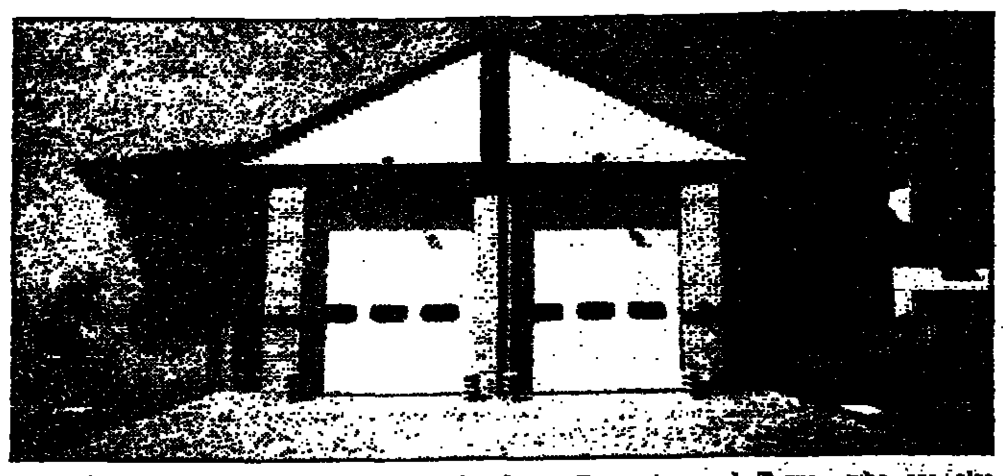
How does the award work? The jury always consists of three people. Two of them are architects chosen with the help of the Royal Institute of British Architects and one is a layman—someone with wide-ranging business experience — who is appointed by the Financial Times. Together they examine the near 100 entries received each year.

Until quite recently the award was restricted to industrial buildings. It was felt that with the changing nature of modern industry and the tremendous growth in the office working population that the scope should be broadened. Today the award is called simply Architecture at Work.

In the very first year of the jury's travels they selected as a winner a pioneering and influential factory designed by young architects. It was the Reliance Controls Factory in Swindon designed by Team 4. This was the name for architects Norman Foster, Wendy Foster and Richard Rogers.

The partnership that designed the very advanced, perhaps the first, high-tech factory in England later split up, but only so that Richard Rogers and Norman Foster should be able to go on independently, and both have become famous and influential designers. It was a prophetic choice.

Among the commended schemes in that first year, 1967, were the Chrysler Cummins factory in Darlington by James Cubitt and the Rotork Engineering factory in Bath by Yorke, Rosenberg and Mardall. Both these companies have gone on to design further important industrial buildings that have maintained this very high standard.



Industrial units at Old Woking, Surrey, by Scott, Brownrigg and Turner who are also consultants to the big Terminal 4 scheme at Heathrow Airport

The architects Ryder and Yates won in 1968 with a spectacular research building for the Gas Council in Killingworth. Again the jury had isolated a type of industrial/research building that was to be influential.

In the early years of the award there was always a mixture of public and private building. Power stations, pumping stations, telephone engineering establishments and buildings connected with the servicing of the growing network of motorways competed with a few outstanding examples of private patronage.

Predict

It has to be said that in the 1970s computer companies and smaller research establishments predicted the coming of the microchip and the growth of smaller, cleaner industrial buildings.

An indication that agriculture had acquired industrial status came in 1971 when a beautifully-designed complex of farm buildings at Lee Abbey in Devon won the award for the architects Scarlett, Burkett and Associates.

In 1972 Arup Associates' design for the early days of IBM at Havant in Hampshire marked for the first time the importance of this company and these architects to the future of good design in industry. IBM have also figured many times in the lists of commended schemes and they do have an outstanding record of first-class new buildings in every country in which they operate.

North Sea gas and oil has provided scope for many new kinds of architecture; the gas terminal at Mablethorpe, Lincolnshire, by the Architects Design Partnership and the St. Fergus North Sea gas terminal in Aberdeenshire, by the Architects Design Group, were both singled out for the care that they had shown for their surroundings.

Breweries have a good design record and the Carlsberg brewery in Northampton by the Danish architect Knud Munk, and the cask department of the Greene King Brewery in Bury St. Edmunds, by Michael Hopkins, are both oustanding examples of good design applied to a mass production consumer industry.

In 1981, the only year that no award was given, the jury decided that though the general standard of entries was good none merited more than a commendation. This result though is in itself a comment on the very high standard which the judges look for each year.

Last year, Arup Associates won the award for the third time with their office building for Wiggins Teape: Gateway House in Basingstoke.

Assessors thought that this office building around an internal atrium, which was designed on energy-saving principles was outstanding. It was the first office to win the award in the newly-expanded Architecture at Work framework and it justified the decision to extend the award.

In 1983, Richard Rogers's Inmos Microchip Plant in Wales showed the new technological future and was commended for its adventurous design.

The list of FT Award winners is a chart of the architectural progress that industry and commerce have made. Each year the total submission indicates a gradual raising of standards led by the few really outstanding practices.

The extension of the award since 1982 to cover a wider range of places where people work has extended this charting of new designs into new areas.

Past winners of the FT Award

1967	Reliance Controls Factory, Swindon **Team 4 Architects**
1968	Gas Council Engineering Research Station, Killingworth **Ryder & Yates**
1969	Wallace Arnold Used Car Centre, Leeds **Derek Walker and Partners**
1970	Chemical and Administration Building, Bradford Water **Whicheloe and McFarlane**
1971	Lee Abbey Farm, Lynton, North Devon **Scarlett, Burkett & Associates**
1972	IBM Plant, Havant **Arup Associates**
1973	John Player Horizon Factory Nottingham **Arup Associates**
1974	Modern Art Glass Company warehouse & office, Thamesmead **Foster Associates**
1975	Carlsberg Brewery, Nottingham **Knud Munk**
1976	PA Technology & Science Centre, Melbourn **Piano and Rogers**
1977	Herman Miller furniture factory, Bath **Farrell-Grimshaw**
1978	Solid Wastes Rail Transfer Station, Brentford **GLC Architects Department**
1979	St Fergus North Sea Gas Terminal, Aberdeenshire **Architects Design Group**
1980	Greene King & Sons Brewery, Cask Department, Bury St Edmunds **Michael Hopkins**
1981	No Award
1982	Expanded to become Architecture at Work Award
1982	Joint Winners: Amersham International Radiochemical Centre, Cardiff **Percy Thomas Partnership** The Humber Bridge, Humberside **Freeman Fox and Partners**
1983	Gateway House, Basingstoke **Arup Associates**

Lessons still to be learned

Competitions

GILLIAN DARLEY

BRITAIN rediscovered architectural competitions as a way of improving design and attracting public attention only quite recently. In 1980, Michael Heseltine, as Environment Minister, initiated a move to use competitions more widely, setting the example by promoting a number for government-owned sites and projects.

After all, the Houses of Parliament, the Chicago Tribune building and the Centre Pompidou in Paris, are all monuments in the public gaze which were the result of competitions.

The process is a useful one which allows for architectural discussion, both within the profession and outside and, in principle, gets the client the best available architecture.

There have been almost 100 open architectural competitions in Britain in the past few years and almost 50 national limited competitions, and also, of course, many small, regional ones too. Nevertheless, that is only about 10 per cent of the number held in West Germany.

Recently in this country, several notoriously mishandled competitions have thrown the system into disrepute. To prevent further occurrences and to reinstate competitions as a first-class, if quite complex, way of finding an architect for some important schemes, the RIBA has drawn up a revised and comprehensive handbook of regulations.

By setting out mandatory conditions (though as few as possible, in order to leave the essential flexibility which will produce architecture of distinction), and ensuring that an adviser works alongside the promoter throughout, some of the grey areas will be ruled out. Similarly, the unsuccessful entrants will be reassured that the conditions have been met.

One justifiable complaint has been that competitions are often won by entrants who have ignored the brief (which the losers abided by). Anonymity is a condition of RIBA-regulated competitions but there is a strong argument that all entries should be exhibited in public after the assessment has been made.

Competitions come in many forms, ranging from the ideas competition, run on a shoestring and with anonymous entrants, via various forms of project competition (one or two-stage), to the architect/developer competition in which a financial commitment is a precondition.

By having an ideas competition to deal with a site in broad concept followed by a project stage beyond, some architects see a way to getting a properly-conceived brief before detailed work begins.

Such a procedure might have avoided the imbroglio of the National Gallery extension competition, in which the unfortunate architects found themselves the butt of uncertainties on every side, but particularly from the Trustees as client. The architecture is bound to suffer under such circumstances.

The limited competition is suggested for particularly complex or specialist briefs; otherwise open entries will widen the field and enliven the quality. The assessors, appropriate specialists, are of course an important element, their balance and impartiality as crucial as their judgement.

Criticism

Nevertheless, it is the promoter who makes or breaks the result and one criticism of competitions has been the frequency with which the promoter drops the project, (the Parliament Offices, Westminster, for example), or quietly turns to another architect after the publicity has died away.

The rather cynical use of public participation is another way in which competitions have been mishandled in a number of recent cases. The important Vauxhall Bridge site, the Arunbridge competition, was a case on which a public exhibition was held but the results were not communicated, even to the architects.

Britain needs to run successful architectural competitions in the interests of quality. In marked contrast with the U.S., financial institutions — increasingly now the client — seem to have little concern with architectural quality, while in West Germany competitions are the standard way of making important architectural decisions.

The new gallery to house the Burrell Collection, Glasgow, is the triumphant product of a competition held in 1972. Interestingly, one of the characteristics of the winning entry was the unspecific nature of the drawings—but the relationship between the building and its landscape were clear as was the approach to displaying the collection.

Crucially, the concept in Barry Gasson and his fellow competitors' design had been established; the detail could follow. Abroad, James Stirling's Stuttgart Art Gallery is another competition-winning success.

Although competitions are obviously suitable for important buildings, they suit problems of intricate or sensitive sites too. Recently, the Architects' Journal strongly criticised the LDDC over their Cherry Garden Pier competition, for not bothering to abide by its own brief. In the contentious case of Land Securities' development on the Grand Buildings site in Trafalgar Square, the brief will be agreed with Westminster City Council. In principle, that will smooth the way for first-stage entries.

It is a chancy business. The rewards are sometimes considerable in publicity if not financially. For small practices competitions are a great drain on resources, but offer opportunities too tempting to ignore. Whatever the costs, the incentive seems enough. The competition for an extension to the Oriental Museum in Durham, won by Trevor Horne (still short of funds to build it), attracted 126 entries; that for the National Gallery extension, 79 architect-development teams.

A specially-devised four-stage open selection was the method chosen for the Phase 2 extension of the Covent Garden Opera House. It began with a lengthy list of possible architects, narrowed to six, then to four. In many ways the process was a search for an architect, rather than, at this stage, a design.

In the event the victors were a partnership between Jeremy Dixon (already rewarded in other competitions, including one run by Westminster City Council for housing on Lanark Road, Maida Vale) and Bill Jack of Building Design Partnership, a large, multi-disciplinary practice.

Properly handled, architectural competitions can confer status upon schemes. They can work regionally, with limited competitions such as that held by Bespak Industries for their King's Lynn factory (won by Cambridge Design) or nationally and internationally for buildings of importance.

The new Australian Parliament buildings in Canberra were designed by Romaldo Giurgola, an Italian-born American architect. In such cases it seems appropriate that the best architects in the world should compete on equal terms.

With proper guidelines, fully understood by all—architects, promoters, assessors—competitions may be one way of putting the spine back into architecture. But none of this will happen until many more clients learn the art of formulating a brief.

Big mistakes and envied successes

Housing

GILLIAN DARLEY

ALTHOUGH BLAME for unsatisfactory housing is always placed firmly at the feet of the architectural profession (with the odd sideways glance in the direction of planners) no other type of building is at the mercy of so many interests.

Hedging the architect around there are planners and product manufacturers, volume builders and developers, researchers and sociologists. Advice notes and Government shifts of policy rain down. New building stops—rehabilitation is the momentary enthusiasm; inner city sites are favoured—then suddenly, it is back to the Green Belt. Small wonder that architects are defensive about who is responsible for the failures.

Memory

The return to the news of Ronan Point, the East London tower block which partly collapsed in 1968 after a gas explosion—and provided an epitaph to the systems-built housing programme of the time—has served to remind the profession that public memory is long and the evidence of those errors is, tragically, all around.

The Newham estate of which Ronan Point was but one block remains—unloved, structually faulty but still housing hundreds of families with little choice in the matter.

The demise of the tower block was brought about by a combination of social concern about conditions for people living in these buildings and worries about the block's structural safety, underlined by an increasing move away from the Modern Movement principles which had helped to influence their design.

The public housing programme continued through the early 1970s, but with low-rise schemes (and rehabilitation) setting the pace. Now those architects' departments which remain are busy on the nightmare task of repair and rehabilitation of the problem estates, built in a different climate of opinion by, usually, a different generation. Responsibility for providing a much-curtailed supply of rented housing has shifted to the housing associations.

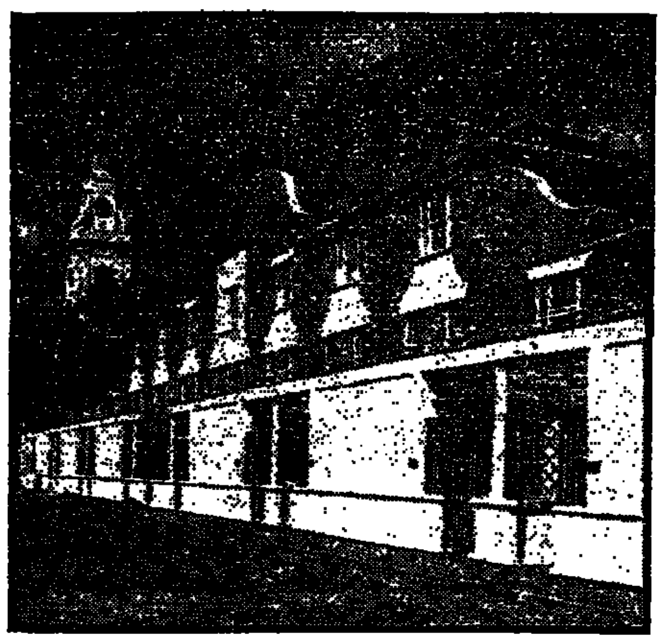
Yet, it is important to remember that housing design in Britain has long been envied elsewhere. The inventive use of conventional forms and traditional materials offered great flexibility if the detail, planning and landscaping were of sufficient quality.

The architectural partnership of Parker and Unwin, who built at Letchworth Garden City and elsewhere in the early 1900s, made this scale of housing their own, and in London the LCC (now GLC) cottage estates — Totterdown Fields, White Hart Lane, Old Oak among them, all built before 1914 — earned Britain an international reputation.

European architects trooped to see the post-1935-45 war New Towns and Westminster Council's Lillington Estate, Pimlico, of the early 1960s.

The wind-down of the GLC's first-rate architects' department in recent years has been echoed in local authorities across the country. The GLC Odhams Walk development in the midst of Covent Garden, providing flats and maisonettes as well as shops and amenities, ensures a local population as well as a visiting one, but this kind of scheme is a vanishing breed in the public sector.

The inclusion of residential accommodation in shopping schemes is sometimes a planning condition. The new Lanes scheme in Carlisle, for example, has 27 units for sale above its main shopping frontage. The vast stock of empty premises over the shops in city centres



Sutton Square, Hackney, an entirely new garden square of 49 houses and 16 flats in East London designed for developers by Campbell, Zogolovitch, Wilkinson and Gough

would go a long way towards solving housing need — without encroachment on scarce land.

Several historic cities, such as Chester and York, have taken active steps to use this valuable space.

Central government wisely stopped playing the aggressive (and often misleading) housing numbers game more than 10 years ago, its lessons etched indelibly on the memories of the authorities who already found themselves with problem estates to deal with.

Quiet successes, popular with tenants and easy to let, began to outnumber the notorious developments, such as Camden's unremitting concrete terrace at Alexandra Road, many times — and then the public housing programme was decimated. In 1974, it had accounted for 116,700 of a total 206,450 starts; in 1983 (Northern Ireland excluded) of a grand total of 187,100, just 46,300 were in the public sector (12,700 for housing associations).

Given the dominance of private housing within the present new building programme, what part does architecture play? Ironically, after the deep waters that local authorities found themselves in attempting to fulfil over-ambitious building programmes in the 1960s, the big-volume builders seem in danger of a similar fate in the private sector.

Faults

Worries about faultily-built timber-frame systems, in which speed is again the rogue elephant, have an element of *dejà vu* about them. A recent Which magazine survey found seven out of eight new houses to have faults. Fast construction, now as before, is the name of the game, be it for political ends in the public sector, or by those who want to service an, apparently, insatiable private market.

The problem in architectural terms is that private housing has all too often been left to the draughtsman, guided by the sales office, replicating the same dull formula on the same unimaginative ground plan. The intensification of *the market* in the private sector has, at least, encouraged some ingenious solutions — though some might qualify as gimmicks.

Homeworld '81, the new homes exhibition at Milton Keynes, included plenty of bizarre solutions, but it also drew attention to energy conservation as a stimulus to interesting architecture, and to the need for a much greater mix of housing type on any single development. In the same way the growth in self-build and co-operative ventures has stimulated "mainstream" thinking — and with repercussions on design.

Special categories, such as housing for the elderly or for single people, although bound by a rigorous set of standards, has in the past few years sustained the thin trickle of good architecture still produced by local authorities.

In terms of policy, arrangements such as shared ownership, for example, in the New Towns, allow architects' departments to continue designing housing.

The essentials are good use of modest space, and more flexibility. Often, where the public sector has gone, the private sector will follow. The English Courtyard Association schemes, by Sidell Gibson, are leasehold terraced cottages designed for the elderly and allowing for later changes as, for example, the need for a bedsitter for a companion or nurse.

Similarly, bedsitters and communal facilities in buildings such as disused warehouses, such as the Thames Tunnel Mills at Rotherhithe (by Hunt Thompson, for London and Quadrant Housing Association) can provide ideal accommodation for single young people.

Landscaping

Eric Lyons's 1960s estates for Span at Blackheath, South London, with their simple detail, intelligent planning and sophisticated landscaping, still remain an example of the way the best architectural solutions are arrived at. Yet the soulless executive housing scattered through the countryside in the same period were the other face of private housing.

The biggest change in the private sector was the introduction of Design Guides — pioneered in Essex. These aimed to improve, by suggestion, what was termed the "lowest common denominator." Yet it, and the dozens that followed, became pattern books — formulae towards gaining an easy planning permission. They did raise standards but led up a blind alley.

It was the thoughtful design of the "second generation" local authority housing that helped to prompt the private sector to look to better architects, challenge some of its own assumptions, and begin to consider architectural quality as a selling point.

Pleasant town houses, scarcely distinguishable as public housing, or small developments carefully set in picturesque villages in areas such as Cumbria, became the pattern during the later 1970s. Predictably, in all but a few protected areas, the best of this was the first to sell with the introduction of council house sales.

Milton Keynes, and other new and expanded towns have been, and are still, among the best showcases for good housing

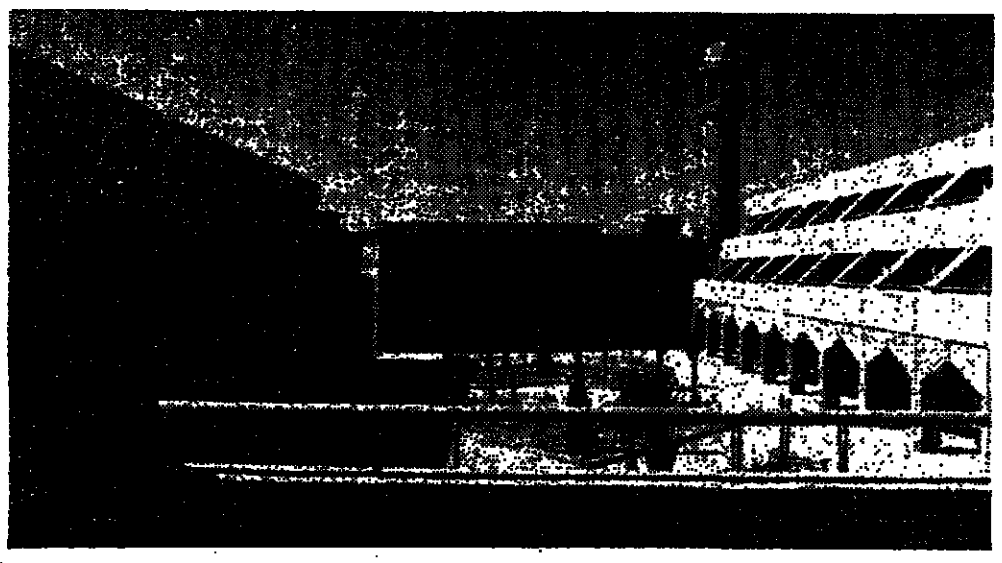
Roger Taylor

Lillington Street Estate, Pimlico, designed by Darborne and Darke for Westminster City Council. in the early 1960s and still a striking and successful council homes scheme.

design (despite their share of unpopular or feebly-designed developments). Experienced practices such as MacCormack Jamieson and Prichard or Ralph Erskine (whose low-rise housing at Byker, in Newcastle, is public housing at its best) work in both the public and private sectors.

Elsewhere, architectural practices are learning to work with developers—where a developer can see the potential for architectural quality. In the surprising setting of the London Borough of Hackney, Campbell, Zogolovitch, Wilkinson & Gough are building Sutton Square for Kentish Homes and the arrangement (and sales) have been so satisfactory that there are plans for more. Rethinking an urban setting (it is a complete new garden square) has provided architectural interest and quality design.

Yet, despite a few honourable exceptions, the private sector house builder has not proved much of a patron. While fitted kitchens are seen to have sales potential, good architecture has no quantifiable value in the opinion of the omniscient sales office of the volume builder. Nothing ventured, it would seem, nothing lost.



Wasia Village, a new village for water treatment workers that has recently been completed on a desert site east of Riyadh in Saudi Arabia. The designers, Yakeley Associates, have provided houses, a mosque, market square and community facilities in a concrete block system that has been adapted to suit the climatic conditions

Prestige projects build strong reputation

Overseas work

MIRA BAR-HILLEL

UK ARCHITECTS do not just work overseas—they make their mark there and often their fortunes. The Pompidou Centre in Paris (by Piano and Rogers) may be the most famous, but it is but one example. From a 35-storey office tower in New York's Park Avenue (Halpern Partnership) all the way to the conservation of a ruined monastery in Bangladesh (Donald W. Insall and Associates) it would appear that no job is too small or too big.

The Middle East remains a very important market for British architects, and their reputation has been maintained there since the days of Empire. In Saudi Arabia, Covell Matthews Partnership are completing construction of the new headquarters building they designed for the mineral resources directorate. The new headquarters of the Medina Electric Company is designed by Alex Gordon Partnership in association with a local practice.

A new palace in Saudi Arabia, complete with landscaped gardens, ornamental pools and garden pavilion, is being designed by Abbey and Hanson Rowe International, while Architects Co-Partnership have recently received the Queen's award for export achievement for work which includes five hospitals in Saudi Arabia, two in Trinidad and a teaching hospital in Iraq.

Another recent recipient of the Queen's award is YRM partnership. Among their recent commissions are residential buildings at the Gulf University, Bahrain and the famous Sultan Qaboos contract in Oman, where main contractors are Cementation International. In Hong Kong, YRM's design for a Treasury building for the Hong Kong and Shanghai Bank is under construction.

The new building which will house the Hong Kong and Shanghai Banking Corporation is also under way, designed by Foster Associates. It is a 180-metre skyscraper which combines latest technology with traditional Chinese architectural elements.

Other companies are also exploiting the Hong Kong potential. Sidney Kaye Firmin Partnership set up shop there over two years ago and have won three major jobs, including the £35m redevelopment of the Jewish Recreation Club which, with its synagogue and 370 apartments, will be one of the largest projects of its kind in Asia.

Llewellyn-Davis Weeks are involved in the design and supervision of a £60m hospital extension in two blocks of 30 and 12 storeys, adding up to 700 new beds.

Refurbish

Hospital specialists John R. Harris Architects are sharing their expertise with health authorities not only in Hong Kong, where their design for the 1,500-bed Tuen Mun hospital is out to tender, but also in Dubai, where they recently completed two hospitals. In Qatar, John R. Harris have been appointed to refurbish the Rumaillah Hospital in Doha; they were responsible for the original award-winning design some 30 years ago.

In nearby Bahrain, Seymour Harris Partnership have completed the first phase of the Marina Club. In many Gulf states leisure projects are now being completed, and other more basic projects such as airports, hospitals and housing.

In Jedda, Matthews Ryan Partnership are privileged to be involved in the remarkable zoological gardens project, where Phase I alone covers some 100 hectares. The zoo is to be divided into regions, with the aim of reproducing conditions as near as possible to those in each region, along with both flora and fauna, with both individual exhibits and large open animal reserves.

Being in the Arabian desert, the zoo's first requirement is shade. The design concept is particularly interesting when compared with a similar, through much smaller, project at Kew Gardens. The visitors' centre will be spanned with translucent fabric; elsewhere the right effects will be achieved with the help of suitable planting.

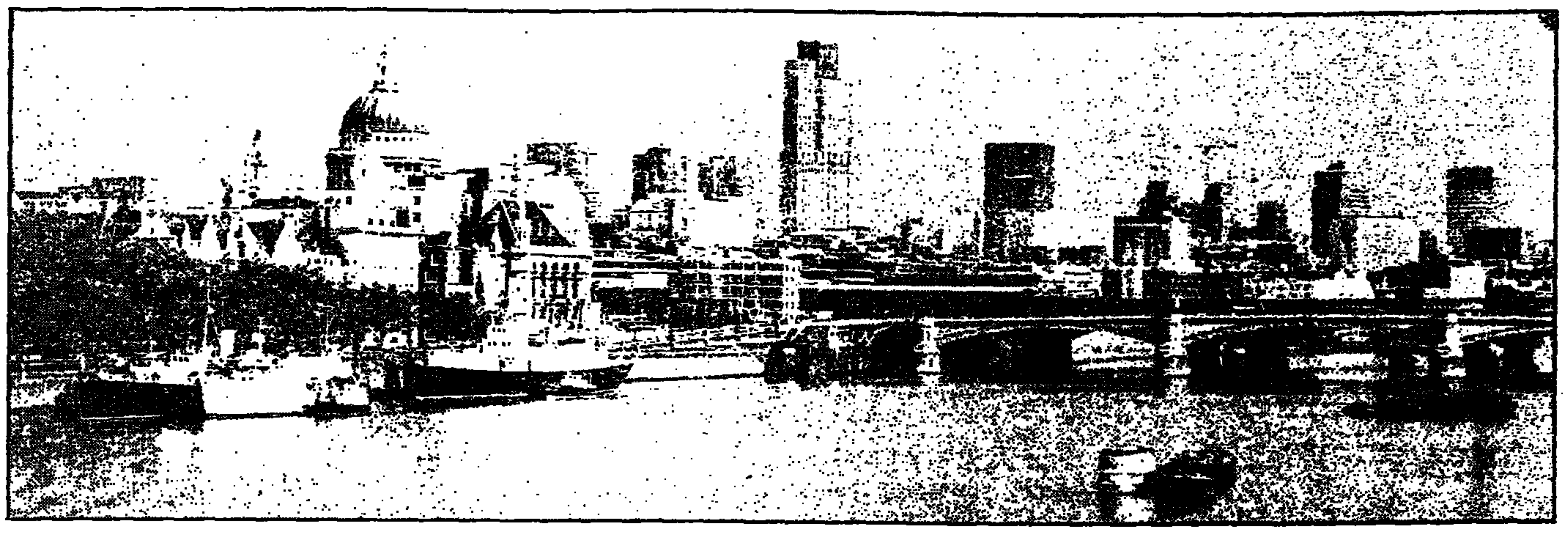
Another Queen's Award for export was won this year by veteran practice Robert Matthew, Johnson-Marshall and Partners. They are also consultants for a unique project—a new complex for the Sabah Institute for Administration and Research, 5,000 feet up Mount Kinabalu in Malaysia, which should be completed this year.

In Jakarta, Clifford Culpin and Partners are providing a multi-disciplinary team of urban management advisers, working on the city's long-term development strategy.

In the very competitive environment of the United States, British architects have held their own—even to the extent of submitting a proposal for the "Windows of France" project in the French quarter of New Orleans.

In the U.S., across the Bay from San Francisco in Oakland, Ian Fraser, oJhn Roberts and Partners have completed the first stage of a major commercial project totalling over 400,000 sq ft.

Members of the Brewer Smith Brewer Group have completed a review of the Winnipeg Health Sciences Centre's development control plan. They are also active in that other English-speaking continent, Australia, in carrying out feasibility and cost studies for an Adelaide hospital and work for the South Australia Health Commission.



Plan seeks to bar comprehensive schemes

City of London

COLIN AMERY

MORE THAN 800 planning applications are received in the Guildhall of the City of London every year. This indicates two things: that the City is still an area of potential development and change, and that the whole process needs to be subject to a plan.

In fact, the City Corporation has just published its new *Local Plan*, a document and map that explains the policies likely to affect the shape of the City for the next 15 years. It is currently available for public discussion and there is a period for special interest groups to consult and be consulted, and in the usual course of events there will be a lengthy inquiry.

Preparation of a Plan is a statutory obligation laid upon local authorities under the Town and Country Planning Acts and Parliament has decided that local authorities should have the powers to formulate "proposals for the development and other use of land within the plan area, including measures for the improvement of the physical environment and the management of traffic."

Flexible

The City's new plan, one that is intended to be operative until the end of this century, adopts a flexible approach. It covers *the area of the whole City* except for the north-west corner around Smithfield, where another plan drawn up in 1981 will apply.

It is helpful to visualise the extent of the City's planning jurisdiction—what goes on in the Square Mile certainly has visual repercussions way beyond it. To the east the City extends almost to Spitalfields and to Tower Hill (although the Tower itself is outside); to the west, Holborn Bar and Temple Bar mark the boundaries.

Smithfield, the Barbican and Finsbury Circus are the northernmost extremities and *halfway across the River* Thames the line marks the limit to the south. Interestingly enough, the City owns the whole of London and Blackfriars bridges but only half of Southwark Bridge.

Every plan bears the stamp of the person behind it, Mr Edwin Chandler was responsible for so much of the postwar development of the City and now Mr Stuart Murphy, City architect and planner, is imposing a mildly conservationist stamp on the future.

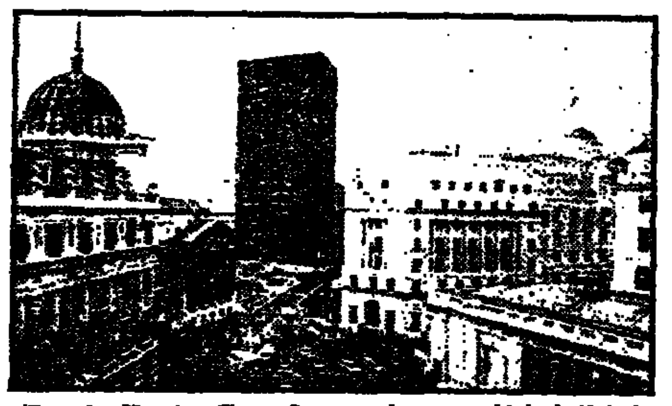
The whole of the very heart of the City from Guildhall in the west to the NatWest Tower in the east, from Cannon Street in the south to Finsbury Circus in the north is now shaded a pale blue on the draft proposals map—indicating that it is the largest of the City's 21 conservation areas.

It is important to remember that conservation area status need not mean no rebuilding or now new buildings but it does mean no comprehensive redevelopment.

This special status also means that the demolition of listed and unlisted buildings in these areas will be resisted. And there is an important new element introduced: no consent will be given to demolish a building in a conservation area until the detailed plans of its replacement have been approved.

There are some 450 listed secular buildings in the City and *the Corporation has carried out* a survey of all pre-1939 secular premises and is prepared to offer supplementary planning advice on their architectural quality.

Every plan is about conflicts and in the City these can be major. Although there is a conservationist bias in the plan—and not before time some may say—the planners are keen to point out that they intend to continue "*to promote the development of the City as a leading international financial centre*" while at the same time . . . "enhance the environmental qualities of the City."



How the Mansion House Square scheme would look if it is built. Proposed by the developer, Mr Peter Palumbo, it comprises a piazza, underground shops and an office block designed by Mies van der Rohe, one of the 20th century's most influential architects. Objectors to the scheme say it is out of sympathy with the area and destroys the street plan.

At present 88 per cent of the City floorspace is occupied by offices and however the advent of new technology affects business, it is expected that there will be for some years a demand for the kind of offices that they have to be near the markets—where it is expected that face-to-face trading will continue.

However, the likelihood of electronic stock and futures markets is far from being impossible and this plan maintains a decent vagueness about the *long-term* technological future.

The plan does predict a general decline in the overall floorspace requirements needed by firms as the new technology develops and suggests that office layouts are going to differ radically from the present variety.

In line with this feeling, the plan is firmly against any more comprehensive redevelopments that may affect the street pattern and will oppose the collectivisation of selections of small sites to promote large-scale developments.

Schemes like the proposed Mansion House Square development, incorporating a piazza and a Mies van der Rohe-designed office block, which the City Corporation has objected to at a public inquiry, are unlikely to stand a chance under the new plan.

There is an acknowledgement in the plan that the office sector will always need services to accompany it, and these are often important areas of subsidiary employment. Areas for small businesses, that is premises that are 1,000 square metres or less, will need protection in the future and the plan intends to encourage this.

There is also a need to encourage the continuation of areas of industry and wholesaling and four areas are singled out for these activities. East of Bishopsgate and Houndsditch, west of Queen Street (known as the fur trade area), the Fleet Street area and the south west of St Paul's are the four zones for this mixture of uses.

The Fleet Street district is to be the subject of a special study as newspaper printing moves out of the City.

This particular Local Plan does lay considerable stress on the environmental qualities of the City. Without spelling out exactly how it hopes to achieve *them it clamours for higher* architectural standards. Research and public consultations over the past years have shown that this is the area where there is the most public dissatisfaction.

It is hoped that the spread of the mediocre office slab is over and that there will be a raising of design standards, particularly in the smaller new buildings. There should be no doubt that public concern about the quality of new buildings is shared by the officials at Guildhall but it is a thing that is impossible to legislate about.

Public concern has also been expressed about the protection of famous views in the City. There are elaborate controls to protects the views of St Pauls both within the City and from the river. However, it will need some selective demolition of post-war monstrosities to enhance the view of Wren's masterpiece. Views from the Monument are also to be protected both to the east and west of the viewing gallery.

One area where the plan seems to be weak aesthetically is the intention to improve the parts of the City that reach the River Thames.

A riverside walk is envisaged from Tower Pier to Queenhithe. This will pass by some of the ugliest new buildings in the City such as Mondial House and the City Corporation's own multi-storey car park sited for the river views.

The approaches to the Thames in this plan are distinctly unimaginative, offering little in the way of recreational or *architectural stimulus*. In fact the revitalisation of the Thames still remains one of the lost causes of the City. Imagine how popular a few indoor/outdoor pools would be along the less muddy stretches of river bank. Simply more seats and open spaces are not enough.

As the plan says, the shortage of land has always been *the problem for the provision of space* for recreation—on the whole the City's record is generous in this respect. The recommendation of more easily-shared facilities in private developments is a good one.

Traffic planning, particularly the visually barbarous but effective widening of Upper and Lower Thames Streets, has saved the City from the worst effects of chronic congestion, but there are some road widening schemes like the slice off Gracechurch Street by Leadenhall Market and the broadening of Newgate Street that look potentially damaging.

Specialist

Is it possible to detect the forms of the City of the year 2000 from the policies and outlines of this plan?

Applications of plot ratio and general limitations of large-scale redevelopment suggests that *the future of the City* should be seen as a series of more specialist developments, smaller in scale than those of the recent past and probably (*no guarantee*) *better designed*.

Special policies for areas like the Temples and the fur trade area are usually designed to protect the special activities of those areas. Although the City would like to encourage residential use of the Temples, at the same time it recognises the need for "professional accommodation," ie more offices. Low-scale buildings to the South West of St Paul's will keep the last network of narrow streets and alleys as an island within the larger roads.

It is the eyesores of the 1950s and 1960s that will need to be demolished or re-vamped — many of them are inadequately finished or serviced — and there is not much mention of them in the plan.

Presidential contenders strike new note

The RIBA

MIRA BAR-HILLEL

MANY ARCHITECTS still shudder at the memory of Prince Charles' critical remarks, and the RIBA will soon be trying to live down the implications. In 10 days' time the ballots close for the election of a successor to Michael Manser, the current RIBA president, at the end of his two-year term.

Throughout the campaign the two contenders, Larry Rolland and Peter Jones, have strongly dissociated themselves (although not, in the gentlemanly architectural tradition, in so many words) from his extremely laid back style of leadership.

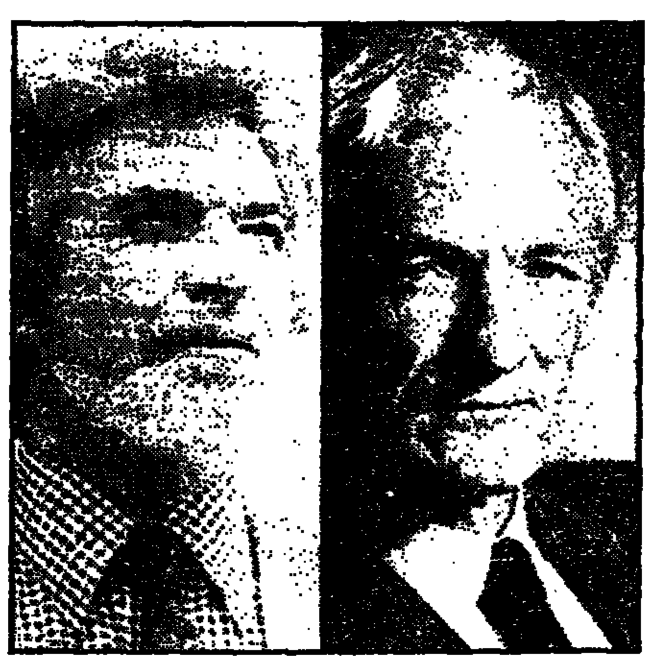
In fairness to the incumbent, he was always a reluctant one. His theory was that if he could demonstrate that the RIBA presidency could be a one-day-a-week proposition, Britain's top practitioners, who cannot possibly take two years off at the height of their careers, might be tempted to consider the job.

Unfortunately, he has demonstrated the opposite. And the man who takes over will find *himself* facing a demoralised institution — and a profession in confusion.

Training

The latest survey of architects' employment and earnings confirmed that, compared with most other professions, they are not well paid. Median earnings for private sector employers this year were £15,000 while their employees could expect to earn only about £10,000. Public sector salaries were found to be in the £12,500-*£14,500 range. Considering* the length of training required to register as an architect, the figures must be disappointing.

But these findings cannot be seen in isolation from the broader picture: earnings are low because there are *too many* architects and not enough work. To make matters worse, more *work is being lost* to the profession as its leadership of the building team is increasingly *challenged and clients explore* alternative contracting methods which virtually exclude the architect once the drawings *stage* is over—in favour of specialist project managers and the promise of tighter cost control.



Larry Rolland (left) and Peter Jones. Both candidates for the institute's presidency believe the profession has a major job to re-establish its credibility.

These twin issues, the size of the profession and the threat to its traditional role, were noted *mainly* for their absence from any serious debate by the RIBA.

Although it has the dominant role in architectural education and a very large proportion of members' annual subscriptions (which will rise to £101 next year) *are spent* in this field—the institute has chosen to take a back seat while an advisory committee *under Lord Esher* concluded that the number of architects should be stabilised to *31,000 by* the end of the decade. This would be done by reducing the number of students qualifying annually from the 36 recognised schools of architecture by 300. About 900 students now qualify each year.

The Esher recommendations *were approved* by the *RIBA's* governing council last month, but the institute will have to demonstrate uncharacteristic firmness over implementing them. Already interested parties are mounting anti-Esher campaigns.

The growing threat from project management is also being *ignored at the profession's peril*. When Owen Luder became *president some four years ago*, he inquired whether there was anything on the subject in the seven-year architectural training syllabus, to be told there was not.

He suggested something should be done but towards the end of his term the same question yielded the same answer. *Two years on the answer is still* the same.

Moreover, recent attempts to deal with it are not encouraged by Michael Manser's tendency to simply write off other profesionals who are moving into the field. Yet design/build and *all its permutations are a strong* growth area, at the architects' expense.

What of the new candidates? Larry Rolland, the man chosen *by the RIBA Council, is a principal* in private practice from Edinburgh, former president of the Scottish RIBA and active within the institute for several years. Rolland is a classic home-grown candidate.

Peter Jones, on the other *hand, is chief architect of the* threatened Greater London Council and a virtual outsider to the RIBA. *Although in some* ways the two could not be more different (private vs public sector, insider vs outside reformer, *establishment vs radical), it is* interesting that their views on *specific topics* are very *similar*, although Jones, with less to lose, feels able to put them more strongly than Rolland who feels he needs to humour the voters.

Essentially, both men agree that the profession, through its *institute, has a major job* in re-establishing its credibility on three fronts: with Government, *where policy decisions on the* built environment are taken; with the public, who are the profession's clients as well as critics; and with its own membership, *especially small provin*cial practices where the often sole practitioners are having a very hard time indeed.

Credibility

The two candidates differ on detail and personality and more fundamentally in their approach, but what they have in common outweighs the differences. It is to be hoped that whoever wins will seek the active support of the other in achieving the common goals. *With this prospect, the battered* RIBA may look forward to a period of recuperation over the next two years, *vital if it is* to survive future challenges.

THE ARTS

Television/Christopher Dunkley

Drama becomes fantastic again

All television drama directors should be stripped to their underwear and pushed onto the floor of the BBC's huge Studio 6 at the London Television Centre. The public should then be invited to file across the lighting grid above and pelt the directors with volume control knobs. This should continue until every director agrees to sign an affidavit swearing that he or she will never again record music and effects tracks so loud as to drown dialogue.

This fashion which always was absurd has now reached ludicrous proportions. Actors mumble inaudibly while berserk heavenly choruses bawl themselves hoarse on foreground music tracks. Gravel crunching under wheels is amplified to the level of an earthquake just as the hero whispers the crucial revelation to the heroine.

It happened last night on BBC1 in *Stars of the Roller State Disco* where the only identifiable words in one entire conversation were "skateboard" and the closing phrase "Well sod you!" It happens several times on Channel 4 tonight in *Puccini* when Tony Palmer's love of very loud music leads to the obliteration of the dialogue. Every day in sitting rooms from Cape Wrath to Lizard Head infuriated viewers turn to one another and ask "What did he say?" because every day the same stupid habit is indulged by directors (producers and dubbing mixers aren't blameless) who slavishly imitate one another's crass fashions. Having reached unforgiveably destructive extremes it should be stopped forthwith.

That said, let us celebrate the appearance not only of *Stars Of The Roller State Disco* and *Puccini* but a whole collection of television plays in the last few weeks which begin to give the lie to three even more fundamental complaints about television drama made in this column at the beginning of 1984: that it virtually ignores the infinite world of fantasy (apart from a few gestures towards children); that it is dominated to the exclusion of virtually everything else by rearward-facing rose-tinted costume drama; and that a boringly unvarying naturalism usurps practically all other styles.

John Frankau's Limehouse production of *West* for Channel 4 was triumphantly non-naturalistic. Steven Berkoff's play takes the "Romeo And Juliet" theme as transposed in "West Side Story," switches the setting to London, and re-institutes Shakespeare's rhythms and even some of his vocabulary to produce an extraordinary combination of rock and roll and iambic pentameters as in "Divest yourselves of this smooth gear and imitate the clobber of the mob," or "Say what your message is and blow, you emissary from the underworld."

Robert Stephens, Virginia McKenna and Judith Howarth in 'Puccini'

Presented not self-consciously but with relish it was not the least bit embarrassing. On the contrary it was engrossing, it was great fun, and — with Frankau making no attempt to disguise his use of studio but instead making a virtue out of it by adding all sorts of deliberately intrusive optical effects to emphasise the stylistic artificiality — it was also marvellously refreshing.

Moreover, although the setting of *West* was not quite contemporary it was unquestionably modern, as are the stories in BBC2's *Oxbridge Blues*. Furthermore there has not been one crinoline nor a single fondly filmed steam train in any of BBC1's last three Tuesday plays: *The Long March*, *Punters*, and *Stars Of The Roller State Disco*. I cannot swear to it, but I do not believe anybody wore a fair isle sweater in any of them. What stunning originality.

Joking apart, they have brought back the sorts of theme which one had despaired of ever seeing again in the single play. This powerfully protected form seemed to have fallen to a point where it was capable of dealing with the problems of our own day and age only in the hectoring tones of Islington Borough Council. Yet Anne Devlin's play *The Long March* was not just set in Northern Ireland, it actuallly did what we have been told repeatedly is impossible on television: concerned itself with political matters and even party political questions.

Stephen Wakelam's *Punters* dwelled upon the wasted lives of teenagers in dead-end jobs, another subject which — although important—had been covered so depressingly on television so many times that it had supposedly become a switch-off topic much like Northern Ireland. But Wakelam, even more than Devlin, succeeded because his primary concern was clearly not to wag his finger at us but to explore his characters, especially Spansky. Played by Tom Davidson this was an intricate and fascinating portrait of a gambler, unique in my experience in showing not an old failure who cannot stop backing horses, but a young success who does stop, much to the fury of his uncomprehending friend.

Michael Hastings' play last night, *Stars Of The Roller Skate Disco*, also dealt with unemployed teenagers and better still created a Huxley-esque brave new world to do so. And while director Alan Clarke photographed David Hitchcock's wonderful roller rink/youth hostel/job centre structure in a wholly naturalistic manner the encouraging thing is that the entire idea was a fantasy . . . albeit one which was chillingly coherent and near credible.

One might be inclined to think at this point that there was nothing unusual about the adaptations from Frederic Raphael's short stories in *Oxbridge Blues*. However, produced and in several cases directed by James Cellan Jones with a nice line in tongue-in-cheek humour (running to a credit list sung in Latin plainchant and even his own brief Hitchcock-like appearance on screen in "Sleeps Six" the week after next) they are actually notable for what they are not.

They are not period pieces and yet, although set in our own time, they are not about single parent families living on supplementary benefit in Yorkshire and having a rough time from DHSS officials either. Of course television should reflect such troubles, but if drama is to help us maintain contact with reality and not simply act as a steam valve for social guilt then it should also occasionally acknowledge that more people have it cushy in Britain today than ever before. That is as much a fact as 3m unemployed.

Some playwrights may believe their task is to change such facts, but what a limited world it would be if Oscar Wilde's and Noel Coward's work had been concerned entirely with the poor. It is an indication of how much our society has changed that whereas Wilde and Coward were regarded in their time as contributing to the mainstream of drama, Raphael is now regarded by many with deep suspicion simply because his characters are rich and witty, if troubled too.

The fact is he is very funny, his stories are masterpieces of plot economy, and it makes a wonderful change to be able to watch television plays without feeling one ought to be taking notes for a sociology viva afterwards. Anyway, who else ever used "crepitant" on television?

Tony Palmer's *Puccini* on Channel 4 tonight may at first seem like a wholly conventional costume biopic, until you realise that Palmer has not one but three purposes: first to tell the recently re-publicised story of how the composer was wrongly accused by his wife of having an affair with a servant girl and how the agonised girl killed herself; secondly to suggest that this provided important inspiration for "Turandot"; and thirdly to justify Palmer's own heavily criticised production of "Turandot" for the Scottish Opera earlier this year which, by all accounts, made the autobiography theory explicit.

Palmer's bid to get back at the critics (a growing obsession, it seems) is a waste of his time and ours, and his attempts to show, as in *Wagner*, that great artists have always been misunderstood and maligned by all critics is silly. Not only has much if not most of the material pronounced by critics to be rubbish proved indeed to be rubbish, but great artists from Homer to Picasso have been championed by at least some contemporary critics.

However, Palmer's television work commands respect because, like precious few others (Peter Watkins and Ken Russell are the only two who come to mind) he has tried repeatedly to use the medium to explore the wellsprings of creative genius; not an easy job. He may be wrong about Puccini and "Turandot" (many opera experts remain unconvinced) but his plaiting together of life story and music with the startling strand of Brechtian "alienation" provided by film of his own rehearsals is infinitely more interesting than another lyrical piece about people in period costume driving about in vintage cars . . . though in typical Palmer fashion he manages to exploit all that as well

It is a pleasure to be able to modify my springtime complaints and welcome a sudden, and I must say unexpected, burst of non naturalistic, non period drama with even a little fantasy thrown in. More! More!

Cinema/Nigel Andrews

Facts and fictions of film

Learning To Dream: The New British Cinema by James Park (Faber and Faber, £3.25, 133 pages)
Vivien Leigh by John Russell Taylor (Elm Tree, £9.95, 124 pages)
Katharine Hepburn by Sheridan Morley (Pavilion, £12.95, 175 pages)
Jacques Tati: Frame By Frame by James Harding (Secker and Warburg, £12.95, 196 pages)

James Park's Learning To Dream begins with a sentence of fearless conviction—"The history of British cinema has been one of unparalleled mediocrity"—and goes on to suggest that our native industry might even now be pulling itself up by the sprocket-holes into a New Dawn. Park, a Variety journalist, has interviewed a dozen-odd leading new British film-makers (Greenaway, Forsyth, Petit, Jordan, etc.) and also offers his own assessment both of them and of the purse-holders in UK cinema, from David Puttnam to Channel 4 to Goldcrest. Shortish in size but stimulating in impact.

John Russell Taylor's *Vivien Leigh* and Sheridan Morley's *Katharine Hepburn* are coffee-table biogs illustrated with the Olympian razzle-dazzle we have come to expect from the Kobal Collection. Taylor's book on Leigh vividly outshines his last effort, on Ingrid Bergman, and he homes in quite rightly on the hysteric beneath the Dresden shepherdess—that Leigh was as much a tragic heroine in real life as she was in *Gone With The Wind* or *Streetcar*. It was the combination of dazzling physical beauty and gnawing emotional blight that made her so ambivalently enthralling a screen presence.

Hepburn, by contrast, always looks as if she's come straight in off the hockey field: the shining cheekbones, the strident yapping voice, the swaggering physique. Sheridan Morley doesn't lob too many fresh insights into her story, but the astounding Hepburn trajectory from Oscar-winning *ingenue* (Morning Glory, 1933) to Oscar-winning *grande dame* (On Golden Pond, 1981), is brightly told, and sprinkled with VIP quote (Cukor, Tracy, Benchley, O'Toole and Co).

James Harding's *Jacques Tati* is mainly, if not strictly for Tatiphiles. Harding doesn't wrestle with the main paradox of Tati's comedy—that M Hulot apart, his movies don't actually make one *laugh*. (*Mon Oncle* is a brilliant surrealist construct that happens to be completely unfunny.) Decently written and doggedly argued, the book needed far more light and fire to appeal to non-converts as well as addicts.

Star-time by Rachel Billington (Methuen, £5.95, 159 pages)

Film-making is as much a world of myth in its own right as any of the worlds it gives birth to on the screen. And the mighty archetypes who stalk the movie set of popular imagination—the cigar-smoking producer, the prima donna actress (or actor), the temperamental director—are here in force in Rachel Billington's touching and funny tale of little Charlotte, *ingenue* extraordinary picked for overnight fame in the 17th century romance, *Ladies and Gentlemen*. Wrested from the bosom of her multitudinous suburban family, she wrestles with such as Bernard B. Bagelman (producer), Jo Henry (director), Gorgeous George (hairdresser) and Red Smith (star and—hiss!—conceited Hollywood bully).

But as well as peopling her story with merry-coloured archetypes, Rachel Billington (married to film director Kevin) clearly knows the less merry—but no less dolefully funny—side of film-making: the cavernous waits between set-ups, the screenplay that hardly anyone gets to see but the director (who's probably rewriting it day by day), and the horror that can be wrought by bad weather and/or unlearned lines and/or crowd scenes that slide into chaos. Of course this is wish-fulfilment land, so Charlotte completes her role, triumphs in it, and gets to glow in pride at the climactic Royal Premiere. But no less enjoyable than the book's happy ending are the tart and funny home truths on the way to it.

Katharine Hepburn and Vivien Leigh

The Human Voice/Latchmere

Martin Hoyle

The comfortable little Gate Theatre above the Latchmere in Battersea has an uncertain future. Susannah York's performance of Cocteau's hour-long monologue casts a glow of accomplishment over the theatre's decline.

Cocteau called the piece "a pretext for an actress," and this frayed specimen of tawdry boulevard chic—which too often sounds like the self-dramatisation of a closet homosexual dying to get his teeth into a Joan Crawford part—stands or sags by the interpreter. The woman, known only as Elle in the original, talks over the telephone to the lover who has just left her. Determinedly brave, she tries not to overload the parting with emotion—"I swore I was going to let you go quietly"—but reveals the previous day's overdose, the sentimentality that demands the ashes of their burnt love-letters and the emptiness of the passive woman now incomplete by herself.

Virtually a dialogue with one silent partner, the telephone, the monodrama illustrates how Cocteau used his fascination with technology to disguise a basic banality of thought.

Still, Ms York does it proud. Her combination of the fey and the incisively intelligent bespeaks her Scottish upbringing. Her mouth generous, teeth formidable in the odd face-splitting grin, drowsy blue eyes slightly strabismic in intensity, the boyish husk to the voice—all balance the vulnerable with the sensual and ring more variations than I would have thought possible from the simple basic theme.

The lighting in Simone Benmussa's production comes and goes for no apparent reason. Despite the actress's integrity I realised that the play is a good 20 minutes longer than Poulenc's operatic version. And that, God knows, is long enough.

The Vortex/Theatre Royal, Brighton

Michael Coveney

The wonderful Theatre Royal in Brighton changed hands on Monday, the impresario David Land completing the purchase for £500,000 (twice the amount paid by Louis I. Michaels in 1971) as the admirable Cambridge Theatre Company began the last leg of a tour of the play which catapulted Noel Coward into the public eye in 1924.

Sixty years on, *The Vortex* retains a callow, buoyant fervour sufficient to surprise a predominantly elderly audience. Florence Lancaster is a feckless, vain and fickle lady of the salons whose face "retains the remnants of great beauty." Her latest affair is with the dull Tom Veryan. Her son, Nicky (the role Coward wrote for himself and in which Gielgud succeeded him), is an impulsive pianist just returned from a year in Paris. He is suddenly engaged to Bunty Mainwaring. In typical Coward fashion, Bunty and Tom—who know each other of old—are cast as the dull couple then ousted, while mother and son spend a recriminatory third act in pyjamas, tearing each other to shreds like Gertrude and Hamlet.

There are two references in the play to Nicky's drug addiction. On the second, Florence throws a box of cocaine out of the window. "I've grown up all wrong," Nicky whines, proceeding to lament his mother's adulterous rottenness and his own depravity: "We swirl around in a vortex of beastliness." Slightly absurd, however strong, this stuff, but Bill Pryde's production handles it magnificently, and the performances of Sylvia Sims and Douglas Hodge ensure a minimum of titters.

Most drama since *Oedipus Rex* has Freudian overtones, and Coward is no exception, especially in this play. Ibsen's *Ghosts*, too, comes to mind. John Lahr has suggested that the impetus of *The Vortex* stems from Coward's own craving for public attention and affection. Certainly Florence and Nicky are shifting, dissatisfied, wilful and demanding characters.

While the dialogue is not quite in the *Hay Fever* class, it still crackles in the first two acts with the savagery that characterises a group of people at ease with each other. If I have a quibble, it is that this staccato, bitchy conversation is not sufficiently *natural* to the cast, who do not quite inhabit the described world of boring charity matinées and Patou frocks.

At the second act house party Douglas Hodge plays the piano very well ("Won't you let me woo you with a little Skryabin?"), providing an emotive *stretto* on a Joplin Rag for the first big row scene. The guests include a wicked, if anachronistic, send-up of J. B. Priestley by George Sweeney as the dull playwright, an incisively funny singer in a cream toque from Amanda Boxer and a highly made up senior courtier, Pauncefort Quentin ("Pawnie" for short), from Hugh Hastings.

Sylvia Sims is superbly turned out and conveys the insecurity of Florence with grace and skill. Douglas Hodge avoids a Coward imitation but responds well to the pitch and roll of the lines. There is good dull Tom from Tom Kelly and a beautifully articulated Bunty from the ever intriguing Tessa Peake-Jones.

And with a minimum of lines, Allan Mitchell suggests a world of sadness in his sterile marriage as he potters off to his study or his farm. He represents the staidness, the morality, the goodness and loyalty that Coward rejected so forcefully and brilliantly in his stage creations.

Oslo Philharmonic/Barbican Hall

Dominic Gill

Since its foundation in 1919 until the arrival of Mariss Jansons as its chief conductor four years ago, the Oslo Philharmonic Orchestra had been content to remain an unambitious and mainly domestic band that ventured abroad comparatively rarely. The Oslo's concert some 30 months ago at the Festival Hall was actually—after 53 years, a notable milestone—its London debut; and I remarked then that given a few more seasons under Jansons, who is Latvian-born and Leningrad-trained, it could well emerge on the European scene as an orchestral force to be reckoned with.

On the evidence of its second appearance in London on Monday, the Oslo Philharmonic is now just that: a strong, fluent, finely-balanced orchestra, and a match for any first-class band. The sound, always well-integrated and secure, has grown notably in richness and depth since the first visit two years ago. Then, at the biggest climaxes, textures sometimes had a tendency to go bumpy, and the strings and brass to force their tone. There seems now to be plenty in reserve—the climaxes are powerful, but easily sustained; the strings swell especially is impressive—a big, solid sonority, bright at the edges, but never harsh.

They framed their programme with Berlioz (the *Roman Carnival* overture) and Shostakovich (the fifth symphony). And in between presented an imposing account of the Grieg piano concerto with a 35-year-old Norwegian pianist new to me, Jens Herald Bratlie. It is rare indeed these days to hear the old warhorse emerge so clear and clean and new-minted: everything about Mr Bratlie's performance was beautifully relaxed, proudly convincing. I've not heard so many notes of the first movement for years—a grand, lyrical view proposed with care and feeling, and exquisitely pedalled, but by no means without excitement. The blitz-octaves were razor sharp. The character of the reading was deliberate, but not plain, and full of lively colour: in some unusually touching, and greatly refreshing. I look forward to hearing the Oslo again soon: and for Mr Bratlie someone must obviously arrange a recital.

Saleroom/Antony Thorncroft

Christie's continued with its sale of Impressionist and modern works of art yesterday, selling watercolours and drawings for £746,896 with a reasonable 15 per cent bought in. "Le cavalier dans l'arène" by Picasso trippled its estimate at £54,080 while his "Compotier" was just above target at £51,840. "Bouteille et clarinette" by Henri Laurens sold for £45,360 and "Le coq rose" by Chagall for £42,120. Camille Pissarro's writing desk, sold by his descendents, made £2,592.

The price of £546,584 paid by Eskenazi for a Tang Bactrian horse, 26½ in high, at Sotheby's Chinese ceramic sculpture sale in New York was a record for a Tang work of art. The auction was a great success, totalling £1,800,083 with 1 per cent bought in. A Bactrian camel with foreign rider sold for £204,960 and two figures of chimeras, also Tang, went for £160,331.

Wexford Opera 1985

Next year's Wexford International Opera Festival, the 34th, will run from October 23 to November 3. The repertoire will be Alfredo Catalani's *La Wally*, G. F. Handel's *Ariodante* and Kurt Weill's *The Rise and Fall of the City of Mahagonny*.

Stoll-Moss quits the provinces

Robert Sangster's Apollo Leisure Group has added to its chain of provincial theatres by acquiring from Stoll-Moss the Bristol Hippodrome. The price is just under £1m and the disposal of the Hippodrome means that all of the Stoll-Moss theatrical interests are now concentrated in London, chiefly the Theatre Royal, Drury Lane, the Palladium, and theatres in Shaftesbury Avenue.

The Christmas show at the Hippodrome features Little and Large, but in the spring the National Theatre arrives with its production of *Guys and Dolls*.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Nov 30–Dec 6

Theatre

TOKYO

Takarazuka All-Girls Revue: Takarazuka Theatre. An original operetta 'My Love for Beyond the Mountains,' it is the counterpart of Kabuki. Spectacular, simple plot, English synopsis. Ends Nov 28. (591 1711).

Agnes of God: The Japanese version of J. P. Myers play starring Keiko Takeshita and Hisano Yamaoka with the set by one of Japan's foremost designers Setsu Asakura. Hakuhinkan Theatre, Ginza (571 1003).

Piaf: written by Ken Miyamoto, directed by Koichi Kimura and starring Noburo Kazuki. Theatre Apple Shinjuku (207 5588).

WEST GERMANY

The English Theatre in Munich is presenting the British National Theatre's touring production of 'Orwell's England' on Dec 4 and 5 at the Alabama Halle, Schleissheimer Strasse 418 (089/351 06 52).

LONDON

The Real Thing (Strand): Jenny Quayle and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (836 2660/4143).

Daisy Pulls It Off (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a cliff-top rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (437 1592).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rustling around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

On Your Toes (Palace): Rodgers and Hart's 1936 musical is a genuine tonic. American jazz dance collides with the Ballets Russes. Gems include There's a Small Hotel, Glad to be Unhappy and the Balanchine ballet for Slaughter on Tenth Avenue. (437 6834).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (836 8108).

Mother Courage (Barbican): Fine RSC presentation by the design team of Cats – John Napier and David Hersey – with Judi Dench as a scavenging, music hall and finally moving Courage pushing her elaborate cart of stage machinery through the Heavyside Layer. Howard Davies directs, good support from Trevor Peacock, Stephen Moore and Zoe Wanamaker. (628 8795).

Phedra (Old Vic): Glenda Jackson remarkable as the nearly incestuous tragic queen in a thrilling production by Philip Prowse. Costumes of shot silk and taffeta, and Robert David MacDonald's translation bravely takes on the challenge of Racine's untranslatable Alexandrines. Gerard Murphy, Tim Woodward and Georgina Hale in a strong cast. (928 7616).

Two Into One (Shaftesbury): Donald Sinden and Michael Williams head the cast of a blissfully funny farce by Ray Cooney in the old Whitehall tradition. An irate manager, Lionel Jeffries, declares: "There's far too much sex going on in this hotel, and I'm not having any of it." Not to be missed. (379 5399).

NEW YORK

Sunday in the Park with George (Booth): Not your conventional musical. Stephen Sondheim's latest is an inspired pairing with director and playwright James Lapine to bring Georges Seurat's painting to life, with Mandy Patinkin as the painter and Bernadette Peters as his imagined girlfriend, Dot. (239 6262).

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Gerard Murphy and Glenda Jackson at the Old Vic

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

Noises Off (Brooks Atkinson): Dorothy Loudon brings Michael Frayn's backstage slapstick farce to Broadway in Michael Blakemore's production that includes Brian Murray, Paxton Whitehead and Victor Garber as her backstage conspirators. (245 3430).

The Real Thing (Plymouth): After 14 months in London, Tom Stoppard's latest giggle at the English intelligentsia, with a new-found attention to the heart that beats beneath the veneer, directed at a fast clip by Mike Nichols. (239 6200).

Glengarry Glen Ross (Golden): The Chicago cast from the Goodman Theatre provided David Mamet with a Pulitzer Prize for his latest work that pits fast-talking real estate salesmen against the world and each other. (239 6200).

Balm in Gilead (Minetta Lane): John Malkovich's energetic but nostalgic revival of an early Lanford Wilson play brings back the wide-eyed, drugged out 1960s and 70s to the accompaniment of Bruce Springsteen songs. (420 8000).

Quilters (Jack Lawrence): Based on American pioneer women's descriptions of their work in making quilt blankets, Molly Newman and Barbara Damashek's musical arrives in New York remounted from its modest origins in Denver. (307 5452).

WASHINGTON

Crossed Words (Folger): A Christmas season pantomime is not much of an American tradition, but with John Neville-Andrews, an English head of the company, and the Globe Theatre as the setting, there is hope it can still catch on. Ends Jan 6. (546 4000).

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Wednesday December 5 1984

A new start for Grenada

FOR THE people of Grenada, ten years of painful history are at an end. First there was the rule of Sir Eric Gairy and the "mongoose gang." Then the late Maurice Bishop and his Marxist New Jewel Movement. Then Mr Bishop's assassination and the American invasion. The landslide victory in this week's election of Mr Herbert Blaize's New National Party, underlined by the eclipse of the Bishopites, means that Grenada can at last begin to think about the future.

That future can not be bright. The completion of the new airport, ironically built by the Cubans under the Bishop regime, means that Grenada can count on attracting major hotel investors and so greatly increase its revenue from tourism. At the same time the goodwill Grenadians won in the U.S. by welcoming their American invaders as deliverers augurs well for American investment in the manufacturing sector, to take advantage of the opportunities afforded by the Caribbean Basin Initiative to export duty-free to the U.S. market.

What now looks like a happy resolution of the Grenada affair also provides an opportunity for the mini-states of the Eastern Caribbean to get together and make more progress in assuring their own security. The U.S. is urging them to acquire enhanced capabilities in terms both of coastguard vessels and of highly trained public security units. Britain ought to offer any help it can give; it is absurd to be hurt that Caribbean Governments do not take the Commonwealth more seriously if the British Government is not willing to do what it can to help its friends in the region.

Temptation

Just because the Grenada story does seem to have had a happy ending, the temptation in Washington may be to take it as evidence that the U.S. did *the right thing in the right way.* Only last week, in a thoughtful speech, U.S. Defence Secretary Caspar Weinberger did just that. He cited six tests for the use of military force abroad, and suggested that the Grenada operation had met them all.

A myth may be in the making here. Most Grenadians, and indeed others in the Eastern Caribbean, may be grateful that the U.S. overthrew the gang which had killed Maurice Bishop and that democracy has been restored. Yet the reasons put forward for the American action were unconvincing and the level of force was excessive. Grenada may have reassured those who were afraid that the U.S. was losing the resolution to act on behalf of its allies; it has given new evidence to those who suspect that the Pentagon carries an elephant rifle with a hair-trigger for fly-swatting.

Now that the Grenada situation looks like being resolved, everyone concerned with the Caribbean region can move on to the next item on the agenda. There are two countries, one at each end of the long arc of the English-speaking Caribbean, whose deep economic troubles create the potential for political instability, and whose far greater size would, in the event of political crisis, present Washington with a dilemma that could not be so easily solved by reference to the Weinberger ready reckoner.

The economic plight of Jamaica and Guyana has its origins in the same cause: the collapse in the price of sugar and bauxite. There the similarity ends. In Jamaica the Seaga government, though struggling with inflation and perhaps laying too much of a burden of that struggle on the backs of those who can least afford it, is firmly committed to democracy. In Guyana, however, Dr Forbes Burnham, installed in power in the first place with Washington's blessing as the lesser of two evils compared to Dr Cheddi Jagan, now appears to be flirting with a dangerous alternative.

Dr Burnham himself has recently visited China, Bulgaria and Cuba. More sinister, "advisers" from various socialist countries, including North Korea, have now appeared in Guyana. The danger is not only that the Communist powers may *try to acquire a foothold in the* Eastern Caribbean to replace Grenada, but that Washington in a new mood of self-confidence, may over-react to that possibility. It would be wiser to give Dr Burnham the economic assistance Guyana desperately needs from the West before he discovers the cost of turning to his new friends.

Incentives for youth training

SHOULD THE British Government continue to pay large numbers of youngsters to do *nothing?* Lord Young, Mrs Thatcher's newly appointed Minister without Portfolio and former chairman of the Manpower Services Commission (MSC), speaking last night to the Building Employers' Federation, argued that "... if we can offer good training ... or a job ... why offer anything else?" In putting the case for the abolition of supplementary benefit for 16- and 17-year-olds and a corresponding expansion of *training schemes,* Lord Young drew support from a previous Minister without Portfolio, Lord Beveridge, who said in 1949 "... for boys and girls there should ideally be no unconditional benefit at all; their *enforced* abstention from work should be an occasion for further training.'

The withdrawal of unconditional benefit for 16- and 17-year-olds is a radical suggestion, but the scale of Britain's youth *unemployment problem is such* that radical solutions must be sought. Britain is unique in the way such a large proportion of young people are sent into the labour market. There are about 1.8m 16- and 17-year-olds, *only 700,000 of whom are in* education. Of the remaining 1.1m, some 300,000 are covered by the Youth Training Scheme (YTS), the one-year vocational training programme which Lord Young helped set up while at the MSC. A further 250,000 youngsters are unemployed and on supplementary benefit. The remaining 550,000 or so have jobs, some under the aegis of the Young Workers' Scheme (now restricted to 17-year-olds) which subsidises employers who offer the young low-paid jobs.

Distinction

When YTS was unveiled two years ago, there were suggestions—notably from Mr Norman Tebbit, then Employment Secretary—that youngsters who refused places should forfeit supplementary benefit. And the notion of extending YTS into a new two-year super training scheme, perhaps absorbing the YWS, has been aired by a House of Lords committee.

New ideas for reducing youth unemployment are badly needed, but it is doubtful whether Lord Young's suggestion can provide the basis for action. Under existing rules, the offer of a YTS place to a youngster is treated in the same way as the offer of a job to an unemployed adult: if the offer is *refused* without good reason, there is a temporary loss of supplementary benefit. It is not clear that a sharp distinction in future should be drawn between those under and those over 18. At present, benefit for youngsters is only £16 a week—hardly, as Lord Young admits, a king's ransom. The suggestion that this long-stop should be removed has an anti-libertarian air to it. It is better that youngsters enter training schemes because they expect to gain from them than because they have no alternative.

The signs are that coercion would in any case be unnecessary. The MSC no longer sees *recruitment as a problem* and does not want its schemes made compulsory. Early indications are that less than 30 per cent of graduates of last year's YTS programmes went back on to the dole queue; some went into *further training programmes* and about 50-60 per cent into permanent employment. The MSC expects to fill, without much difficulty, most of the 400,000 places it is offering in 1984/85.

Mr Tom King, the Employment Secretary, was also talking about training yesterday. He praised the YTS as a "major route into jobs for school leavers" and stressed the need to concentrate in the quality of training it offers; he did not discuss the possibility of its transformation into a two year super scheme. YTS was designed to provide youngsters with broad-based transferable skills: it is arguable that a year is the maximum time which should be devoted to this. Young people would benefit from more training butp robably only if it was skill specific as in countries such as West Germany. Skill-specific training has slumped during the recession

Schemes such as the YTS can *never substitute* for effective specific training through apprenticeships which must primarily be the responsibility of industry. But while the MSC seeks to get this message across, government programmes are helping by pushing down the overall level of youth wages. Bigger diffeerntials between youth and adult pay should provide greater incentives for employers to offer skilled training opportunities and for young people to take them up.

BRITISH MINERS' STRIKE

No compromise, no surrender

By John Lloyd, Industrial Editor

JACK COLLINS swung it. The craggy, grizzled class warrior from the little Kent coalfield thought the mineworkers' executive was getting too soft by recommending that its money held abroad could be brought back into this country—it seemed like a compromise with the capitalist courts—so he proposed an amendment which negated that move, and it got carried on a 139,000 to 80,000 card vote.

By voting in that way the *union has passed up what may* have been its last chance to drag the nine-month-old dispute back inside the limits of the law: the mineworkers are now even more closely committed to total class war.

"*The executive misread the* mood of the meeting," Mr Collins said afterwards. "We had to send a clear message to the lads on the picket lines that there is no compromise, no surrender."

Mr Collins *is as hard line a* Communist hardliner as you could meet. He is enthusiastically pro-Soviet; told his Kent miners at a recent rally that he was all for taking money from the "Libyan working class" *and sees the class struggle* manifest in every area of life. That *he should win a 3:2 majority of* the 123 delegates at the mineworkers' special delegate meeting on Monday shows two things.

First, whatever the 24-man executive of the National Union of Mineworkers decides, it is underpinned — or imprisoned — by a delegate conference which has been given the constitutional authority to make the major decisions on the dispute, and which exists in the same relationship to the NUM leadership as the Bolshevik-dominated workers' Soviets did to the Russian revolutionary leaders in Russia — the more daring the strategy, the more likely it is to be followed. There is no sign that Mr Arthur Scargill, the NUM President, is dismayed by this — quite the reverse — but even if he were he could do little about it.

Mr Bill Etherington, secretary of the Durham Mechanics—a group once a byword for ultra-moderation—voted against the Kent resolution but is not worried that it passed. "There was very little *difference* between the two camps when you came down to it. We didn't want to see the money left abroad and used up in legal battles to get it back. But none of us were going to obey the courts."

Mr Scargill's assumption that struggle radicalises has been proved correct of at least some of his members—including many officials. They are seen by others as defying the laws of the land, but are seen by themselves as the victims of them because they are fighting to save jobs. As the struggle has become prolonged, striking miners and their communities have increasingly retreated into their own world and own world view—one explanation, if not an excuse, for much of the violent behaviour.

Second, however, the fact that there was a vote shows that the ultra-radical majority among those present was counterpointed by a minority which is merely radical. The 80,000 vote minority supported an executive recomendation—backed by an 11-6 vote—to repatriate the funds held abroad. Their hope was that the sequestrators might help themselves to the £200,000 contempt fine and costs, and that the High Court would then lift the receivership to allow them to get on with the strike in peace. It was a minimal accommodation with the reality of the courts.

The Government may find some hope in this hairline fracture but there is no guarantee it will widen. One lesson, among many others, which this past nine months has taught, is that a sudden collapse of the NUM at any level is simply not on the cards—especially when, in their terms, they are far from beaten.

The Government is not, however, excessively troubled either way. Ministers, following the National Coal Board, are sure that the drift back to work, now slowed to a trickle *again, will pick up after* Christmas. They are certain of fuel supplies and pretty confident the power unions will not now disrupt them. The body now being mercilessly ground between the upper millstone of the NUM's determination to fight a class war on an industrial battlefield, and the nether millstone of the Government's refusal to give in, is the TUC.

The TUC deeply detests class wars. Its senior members' reflexes were formed out of deals and compromises, mostly done in times much easier for the unions than now. To be pulled into a struggle unequivocally defined in class terms, and *further garnished with the* description given it by the delegate conference resolution that it is "the most vicious threat in our history to the freedom and independence of British trade unionism," is pure agony. None is feeling that more acutely than Mr Norman Willis, whose baptism as TUC general secretary has been a prolonged immersion in a tank full of burning petrol.

The seven TUC leaders charged with liaising with the NUM met in solemn conclave yesterday and meet the miners' leaders tomorrow or Friday. The scene they surveyed was wholly dismal. No extrapolation of the present into the future looks good, or can be made to look good.

First, the law has the union in a tight embrace, and it is getting tighter. The national officials now cannot—in the strict terms of last Friday's judgment—run their own affairs, to the extent of making a telephone call or buying petrol, without the permission of Mr Herbert Brewer, the receiver.

This is potentially mortal: Mr Scargill helped pioneer "flying pickets" which were based on the increased ownership by miners—as other workers—of cars and telephones: to lose central control over *these* is striking at the heart.

You can give the appearance of not caring. "How will you manage without funds, Mr Scargill?" called a radio reporter as the NUM President left the TUC on Monday night. "Like the Tolpuddle Martyrs," said the best one-liner in the Labour movement. "With difficulty but with success."

The Tolpuddle Martyrs certainly had difficulty managing, but they *had* little success: the union which they attempted to join, the Grand National Consolidated, collapsed in ruins: it was the cautious, careful men of the craft unions, whose descendants think Mr Scargill is as daft as their forefathers thought the Chartists were, who put the unions on a secure footing. Mr Scargill, whose hero is A. J. Cook, the man who led the miners to shattering defeat in 1926, *has a habit of picking* losers as models.

You can also move base. The NUM is still a much more federal union than most: its areas retain their own funds, allowing Mr Scargill and his colleagues to move base to an area office and carry on the battle from there. But that will not avoid the continuing contempts, or the burgeoning cases against these areas: one of these, to be heard next Monday, could result in the biggest, Yorkshire area going into receivership like the national union has done. After a while, the law can ensure that the levers which the NUM leaders must pull to continue the strike will cease to have any effect: the fact that these *leaders* appeared in court last week for the first time in nine months was testimony to their consciousness of this fact.

> The law has the union in a tight embrace, and it is getting tighter

Second, Mr Scargill's calculation *that the ever-increasing* pressure of the law on the union will radicalise *other* unions into giving more support is unlikely to be generally true. Certainly, Mr Ken Gill, general secretary of the white collar engineering union AUEW-Tass said yesterday that "when laws are quite unacceptable to large numbers of people they no longer function" and warned his TUC colleagues that they must support the miners—"these people in the TUC who think there is some other way out have to face it, that these miners will continue their strike."

Mr Gill is playing his familiar *and skilled role of staking out* the TUC left's position. Others, though, are not likely to follow: Tony Christopher of the Inland Revenue Staff said the TUC should give support "within the law," while Bill Whatley of the Shopworkers thought the NUM delegates decision had lost them more friends in the movement than it had made.

The industrial support which TUC leaders solemnly pledged back in September during Congress has simply not been forthcoming. The power stations were the key sector, and they blaze away merrily: nor are they likely to stop. Record quantities of oil—1m tonnes of coal equivalent a week, currently—and large quantities of coal—over 700,000 tonnes—are now moving into power stations, and is not meeting much opposition.

Les Atkinson once sat on the NUM executive, representing the 1,000 members of the General Municipal and Boilermakers' Union in the industry. That tradition has gone now. For the past months he has attempted to get support for *his old comrades among his* members in the big Yorkshire power stations. But "it's harder now than it was before. They're all taking oil apart from Ferrybridge C and they've got coal stocks to last two or three *months* flat out—and none of them are flat out."

The two stations where there *has* been significant action by either the GMBU or the Transport and General Workers—Didcot, near Oxford and West Thurrock, on Thameside—are now seen by Government and the Central Electricity Generating Board as flashes in the pan. In the former, the embargo on new coal has broken down in two of the four shifts, while *the latter does not matter.* The warnings by the conference hate figures of Mr Eric Hammond of the electricians and Mr John Lyons of the power engineers that to promise industrial support was a delusion appear to be borne out. The TUC can do nothing.

But the striking miners will not give up: Mr Gill is right to that extent. "You don't need buildings to fight," says Mr Collins. "It's our generation that has to *make a stand,*" says Mr Wayne Barber, a 25-year-old faceworker at Easington pit in County Durham. The leaders who have encouraged the strike for nine months have nowhere else to go, nothing else to do but see it through: for many of their activist supporters, the same has come to be true.

Nor will the working miners. "You can't have people putting themselves above the law," said Mr Colin Clarke, President of the National Working Miners' Committee yesterday: "That's anarchy." He, with Ken Foulstone and Andy Taylor of Manton pit in Yorkshire, has been most responsible for unleashing the law on the union: and because the cases have been taken by NUM members, and have mainly been judged under the laws of contract or trust rather than the new employment acts, Mr Gill's vision of *workers rising against new legal* oppression is probably wrong.

The nightmare of division, hatreds and competing ambitions which this will bequeath the NUM after the strike will be unparalleled in contemporary union history: for the present, the working miners' group constitutes a thorn in Mr Scargill's side which is pushed in deeper and deeper. Mr Clarke and his colleagues are not popular, even with the working Nottinghamshire miners: their delegates at Monday's conference made it clear they dissociated themselves from the working miners' group's actions. But they are in too far to pull out.

The TUC leaders will not take instant decisions: their likely tactic is to issue general support of the miners, condemnation of the Government and commitment to keep the NUM going as long as it takes. Privately, they have let it be known that the NUM's decisions are all their own, taken without benefit of advice from the TUC or its lawyers.

But sooner or later they will have either to deliver or pull out. They will know that Mr Scargill will be merciless in pinning the blame on them if they do not come to his aid now. He will brand them as class criminals for all time, flinching cowards and sneering traitors to the Red Flag of revolt he raised. But they are not likely to be able to play any other role.

Arthur Scargill: the long and increasingly lonely road of revolt

Men and Matters

Share entitlement

Just what a revolution in wider share ownership has been achieved (initially at least) in the allotment of British Telecom shares is illustrated by an anecdote from the history of stockbroker Helbert Wagg.

This is the firm whose name has just been brought back to the Stock Exchange by Schroders after an absence of 72 years.

An old-time partner, A. R. Wagg, writing about his early days with the firm, recalled one of the most successful issues with which it was associated around the turn of the century.

"It was on behalf of a well-known firm of provision merchants," he wrote. "Applications were on an enormous scale, and I have always understood that the company's chairman insisted on personally making the allotments.

"Dukes and Marquises were allotted in full. Earls, Viscounts and Barons received 50 per cent, Baronets and Honourables 25 per cent, and the general members of the public nil.

"I believe a certain number of Society beauties were considered as ranking equally with Dukes and Marquises for the purposes of allotment," Wagg said. "Needless to say, the shares went to a substantial premium."

Air-ways

Complaints from the white-collar union Apex took a bit of the shine off British Airways' new £42m corporate image yesterday. Training methods being used to instil staff loyalty and *commitment to BA's new motto* "To Fly To Serve" — amounted to "brainwashing," the union claimed.

Assistant general secretary Keith Standring said that American industrial psychologists at BA training courses at Bristol were:

Putting pressure on people to go swimming and jogging each morning before breakfast:

Causing sensory deprivation for some staff who were walking about blindfolded for hours *during role-play exercises;* and

Forcing people to eat meals without a knife and fork.

"The purpose," said Standring, calling for the courses to be scrapped, "is to create an atmosphere which makes people give total commitment to the airline."

He had been informed that some staff had undergone dramatic personality changes during the courses.

Back at Lord King's headquarters, a BA spokesman said that the whole thrust of the training courses was to improve service to BA's customers. "People have been asked to put on a blindfold to appreciate the problems of blind travellers," he said. "It is a voluntary exercise."

Equally voluntarily, some had eaten chicken legs with their fingers and gone jogging to exercise their desk-bound legs. All a token, no doubt, of the energy, strength and vitality represented in BA's new coat of arms.

"It's an EEC edict from Dublin — if you order a Spanish omelette you must have French, German and Italian wine with it"

Oil strike

Mobil Oil, the third biggest U.S. industrial company, has a *thinner skin* than most when it comes to criticism. But its latest action in boycotting the Wall Street Journal has raised some eyebrows.

Mobil executives will continue to read the WSJ but that *is all.* "*Mobil has adopted a* policy of not having anything to do with the WSJ," says John Flint, Mobil's spokesman. It has stopped advertising, and is refusing to answer questions from the newspaper and provide it with data.

Mobil has had rows with the U.S. media before but this appears to be the first time it has stopped talking to the enemy.

Flint refuses to explain why Mobil is so piqued. All he will say is that it "comes about after five years or more of problems with working with them."

The last straw seems to have been a recent article in the paper about Mobil's plans to build a $300m office tower in Chicago in conjunction with a real estate company that employs a son-in-law of Mobil's chairman, Rawleigh Warner.

This follows other articles describing the links between the company's former president and a shipping firm controlled by his son.

Mobil's performance in recent years has lagged behind that of many others in the oil industry and the heavy trading in its shares in recent months has raised speculation that, like the late Gulf Oil, it is being stalked by an unfriendly investor group. Hardly the best time to stop talking to the main financial newspaper in the U.S.

Mine host

"If only ..." was the obvious thought in most minds at the Coal Traders' Benevolent Association dinner on Monday when former NUM president Lord Gormley turned up on his first social outing since his stroke a year ago.

Gormley sat near NCB chair*man, Ian MacGregor, and both* had drinks in the private bar before dinner.

Gormley had nowt to say about the strike—but judging by the ovation for him, nobody seemed to have any doubt about *his views. After all, when he* retired in March, 1982, he prophesied that if militants took over his union "then woe betide the country."

More cooking?

Are there no limits to Japanese enterprise?

A Japanese chef, Hiroshi Horita, of the Toyoken restaurant in Tokyo, has won one of France's leading gastronomic competitions, the Pierre Taittinger international culinary prize.

More than 215 entrants from 10 nations contested the early rounds, and Horita, aged 38, came through to win the final cook-off against 11 other chefs from France, Switzerland, Germany, Italy, the Netherlands and Jersey.

French master chef Lucien Ogier headed a jury which pronounced *Horita's* Turban de Homard—a dish of lobster mousse seasoned with mushrooms, fish sauce, cognac and sherry—the tastiest.

Supply lines

The in-fighting between the supply-siders and the deficit-cutters in Washington is getting nasty, to judge by the latest good-news-bad-news joke circulating there. It seems that a bus-load of supply-siders on a pilgrimage to Chicago drove over a cliff. That was the good news. The bad news was that there were four empty seats.

Observer

Car exhaust controls

Europe's chance to clear the air

By Kenneth Gooding, Motor Industry Correspondent

The Swiss image of the battle against exhaust pollution

THE EUROPEAN motor industry is being torn apart over car emission controls. Makers want to know how they should be used, and how quickly they should be introduced.

West Germany seems intent on going its own way on the issue, which is a by-product of the acid rain debate. And, according to manufacturers in other countries, this will cause severe disruption and throw the concept of European Community trade harmonisation into disarray.

Against this background, the Community's environment ministers meet in Brussels tomorrow to attempt to put together compromise proposals.

The Italians appear likely to go along with a compromise. The French and British seem implacably opposed, but fear a political solution.

In May this year the European car makers thought they knew what might be required of them. The European Commission had put forward two-part proposals. In the first phase, up to 1989-91, the manufacturers would have to reduce further the emissions of carbon monoxide, hydrocarbons and nitrogen oxides.

This was nothing new. Since 1970, increasingly stringent regulations have been brought into effect to limit pollution from cars. As a result, petrol-engined cars which comply with the regulations — the latest of which came into force in October this year — push into the atmosphere 70 per cent less carbon monoxide and 50 per cent less hydrocarbons and nitrogen oxides than 1970's new cars.

The Commission, in its latest proposals, wants emissions of carbon monoxide by 1989-91 to be 80 per cent below the pre-1970 level and those of hydrocarbons and nitrogen oxides to be 64 per cent below.

The motor industry agreed that was a reasonable target. But where the industry and the Commission did not see eye to eye was that the Commission suggested a second phase and that by 1995 European cars should match the emission control standards of the U.S. and Japan. (The 1989-91 proposals would take them roughly two-thirds of the way towards that.)

The industry demurred, saying it was too early to talk about 1995 regulations when so little was known about which pollutants cause what damage.

But the West German Government wants to act sooner than 1995. Millions of Black Forest trees are wilting, dying or dead. It has not been proved conclusively that car exhaust fumes are in any way responsible but, faced with the need to appear to be doing something (and by the sudden rise in support for the Greens, the environmental party which is now regularly attracting 8 per cent of votes in West German elections) the Bonn government intends to take action.

It says that by 1988 all new cars with engines of over 2 litres should meet the U.S. emission standards and one year after that every new car should match them.

On that time scale there seems to be only one way for the industry to meet the U.S. standards—introduce the three-way catalytic converters used in America to clean up exhausts.

This prospect has alarmed the European car producers, not least because catalysts are expensive. The CCMC (Comite des constructeurs d'automobiles du Marche Commun) which represents the European producers, estimates the cost would be Ecu 15bn (£9bn) a year.

BL maintains the additional cost to Britain's new car buyers would be £2.5bn annually.

The present U.S. regulations evolved because of a particular problem in Los Angeles and other areas, where it was found that oxides of nitrogen were reacting with hydrocarbons in sunlight to produce photochemical smog.

Hardly anywhere in Europe has similar climatic conditions, and the CCMC claims that the available data showed that in 1982 (the date of the latest research) European air quality was very similar to that of the U.S.

The emphasis in Europe is on reducing acid rain and the damage it seems to be causing to both health and vegetation.

Mr William Ruckleshaus, former administrator of the U.S. Environmental Protection Agency, giving evidence to a House of Representatives committee recently, made the very point the European car makers have been making to the Germans.

He said: "We do not know the true extent or meaning of this damage (to trees), the speed at which it is taking place, or what factor or combination of factors is causing it. We do not know if the causes are the same in Europe as in this country. Many investigators believe that several interconnected factors are at work and that air pollution of some sort may be important among them.

"Our current knowledge, however, does not tell us whether the offending pollutants are sulphates, nitrates, oxidants or heavy metals.

"This situation illustrates well why waiting for further research to be completed before initiating a control programme is a rational decision."

But the Germans are pressing on with what the rest of the industry claims might well be an expensive ride down a blind alley.

The German Government intends from next month to introduce various incentives to encourage car buyers to purchase cars with catalysts.

General Motors' subsidiary in Germany, Opel, has more than 1,000 people working on its emission controls programme, is running tests on 750 vehicles and about 350 engines. It will be investing around DM 1bn in engineering and manufacturing technology and modifications on its cars, according to Herr Friedrich Lohr, its engineering director.

GM has a vested interest in promoting the catalyst and persuading the rest of Europe to follow the German lead. It is one of the largest producers in the world and is ready to set up a plant in Europe. Johnson Matthey, in Britain, another major catalyst producer, also has much to gain.

The French, Italian and British industries are furious at the prospect that the Community might be "blackmailed" into following the German lead. The UK Government only this week significantly hardened its line on the acid rain issue.

Catalysts cost just as much to fit to small as to large cars and therefore militate against the small models which Fiat, the leading importer in West Germany, Renault and the Peugeot group mainly sell in that country. Those companies, and Austin Rover in Britain, see the German proposals as a non-tariff barrier to trade.

The compromise on the table in Brussels this week would apparently exclude small cars—those with engines of under 1.3 litres—from the necessity to meet U.S. standards. Cars with engines of over 2 litres would have to fit converters. It remains unclear as to what happens to those cars in the middle range, which account for well over one third of total European sales.

WHAT U.S. STANDARDS WOULD MEAN . . .

IF EUROPE was to move immediately to U.S. and Japanese emission-control standards, nearly every new car would have to be fitted with a catalytic converter—an additional box, rather like a second silencer, in the exhaust system.

The most common type, the monolithic converter, contains a ceramic honeycomb coated with a catalytic material, usually a noble metal like platinum or rhodium.

The catalyst causes or helps to cause a chemical reaction without being changed itself so a converter should have a long life if treated properly.

The catalytic converter's job is to turn carbon monoxide (CO) hydrocarbons (HC) and oxides of nitrogen (NOx) into carbon dioxide, nitrogen and water.

A three-way converter which can create all these reactions needs fairly sophisticated control which means it is expensive—industry estimates vary between £300 to £500 a car.

Catalysts are very quickly "poisoned" by lead which sticks to the honeycomb and prevents it doing its job. Therefore cars fitted with converters must be able to run on unleaded fuel.

Lead additives are used in petrol partly to provide extra lubrication, but their prime task is to act as an "anti-knock" agent which helps smooth the combustion of the air and fuel mixture in the cylinder.

This, in turn, enables the production of engines with higher compression ratios (the ratio of the maximum to the minimum volume of the cylinder or the extent to which the fuel and air mixture is compressed). The higher the compression ratio, the more efficient the engine.

The degree to which petrol resists knock is defined by reference to an artificial scale of octane numbers—the higher the octane number, the better the anti-knock properties.

Remove lead from fuel and the octane rating will fall, engines will require lower compression ratios and their efficiency will suffer.

Critics of the catalyst suggest the penalty is up to 10 per cent in fuel consumption and a cut in the pulling power and top speed of any given engine.

It is possible to make high-octane, lead-free fuel, but very expensive. The car manufacturers and the oil industry are embroiled in an argument about who should pay—the vehicle producers for changing engines or the oil companies for changing refining processes—because the UK Government has decided that by 1990 all new cars will have to run on lead-free fuel.

UK local government reform

A step down the pathway to unaccountable chaos

By Bob Leach

MOST of the arguments surrounding the abolition of the GLC and the Metropolitan Counties have concentrated on the immediate practical consequences—the costs or savings and the impact on specific services. These are important considerations, but the proposals need also to be viewed in the broader perspective of the implications for the entire local government system and for the future of local democracy in the UK.

While the whole history of local government since 1945 has seen a steady erosion of functions, the Government's proposed reorganisation of the metropolitan areas takes the process one crucial stage further and threatens to put local government back to the era before the great Victorian reforms of the late 19th-century. In a celebrated phrase the then President of the Poor Law Board, George Goschen, characterised the unreformed system then as "a chaos as regards authorities, a chaos as regards rates and a worse chaos than all as regards areas."

What Goschen was describing and criticising was the 19th-century proliferation of single purpose government bodies, all with different systems of elections, different rates and different boundaries, leading to confusion, conflict, waste and inefficiency. The remedy favoured by Goschen and other reformers was the introduction of a system of multi-purpose elected authorities for the entire country. We are now, not suddenly, but gradually and inexorably, demolishing the system of democratic local government patiently established by the Victorians and replacing it with a system remarkably similar to the one Goschen condemned.

This may seem far-fetched, but consider. Since 1945 a succession of services has been removed from direct local government control and placed in the hands of single-purpose bodies. Professor Robson mournfully catalogued the losses of the first 20 post-war years in a fine, now almost forgotten, polemic entitled "Local Government in Crisis," and pinned his hopes on local government reorganisation. Ironically, the massive reorganisation of the early 1970s not only failed to reverse the trend, but actually accelerated the process, removing the personal health services and water from local government.

The latest reorganisation proposals mark a further, and perhaps decisive, stage in the disintegration of the system of elected multi-purpose authorities established by the Victorians. In the metropolitan areas, police, fire and public transport are to be removed from direct democratic control, and placed under joint boards. There are dark hints that waste disposal could follow.

The Government seems determined to re-create the chaos of 100 years ago, before the great reforms of 1888 and 1894. Already there is a chaos of boundaries, with local authorities, health authorities, water authorities and the local offices of other governmental bodies covering different geographical areas.

There will certainly be a chaos of rates, with precepts from the new joint boards, added to the existing district and water rates. Finally, this spawning of additional single-purpose bodies will complicate even further the existing confusing chaos of authorities, creating an administrative jumble worse than the one of Goschen's day.

Steady erosion of democratic values and practices

Does it matter? Well, yes it does. The fragmentation of government caused by the proliferation of *ad hoc* authorities increases public confusion. It also weakens public accountability. The principle that public money should be spent only by bodies fully accountable to the public, directly or through elected representatives, has become dangerously eroded.

In addition, the proliferation of single-purpose authorities considerably reduces liaison and co-ordination between services.

Even more serious is the steady erosion of democratic values and practices. It is sometimes suggested that local democratic institutions are not really all that important, and democracy can survive without them. The 19th century reformers did not think so. They saw local democracy as the prerequisite of parliamentary democracy. They were surely right, even if some of their hopes have been disappointed. When Mill talked of local councils becoming "nurseries of statesmen" he was using language which today sounds grandiose, even pompous, but an increasing proportion of our MPs and Ministers have served their political apprenticeship in the council chamber.

Moreover, in one respect, the Victorians underestimated the importance of local government, neglecting its contribution to flourishing democratic parties.

Without a regular diet of local elections and local prizes to maintain interest and enthusiasm they would survive, if at all, as remote bureaucratic oligarchies, responsive only to the messages of the opinion pollsters.

What is to be done? It is perhaps too much to hope that the abolition juggernaut can be halted at this late stage, but there is virtually nothing to be said in favour of the Government's current reorganisation plans and much to be said against them. Crucially, in the context of the analysis presented here, they involve a complication rather than a simplification of the local government system and a significant erosion of local democracy. There is a case for some restructuring and some of the options—a genuine unitary system of regional government, for example, might entail the disappearence of metropolitan authorities.

Equally a case can be made for strengthening the metropolitan role. What is important is that any restructuring should be designed to halt and preferably reverse the loss of services to democratic local government and to assist and strengthen the operation of local democracy. This, perhaps, entails some simplification of the present system. Too much should not be expected from restructuring, however, and there is a case for allowing the present local government system, which after all has only lasted some 10 years, more time to work. More might be achieved, perhaps, by a reform of local government finance, along the lines of the neglected Layfield Report.

The author is senior lecturer in government, School of Accounting and Applied Economics, Leeds Polytechnic.

Letters to the Editor

Recovery or oblivion

From Mr D. Bird

Sir,—The Chancellor commented recently that "in a free society and mature democracy, you have to govern by consent. We have to go at a steady pace. We are a very old and slow-moving country." This raises a point regarding the role of the Government in tolerating the country's idiosyncrasies and its presentation of the alternatives.

Economic reality dictates, with blistering clarity, that we cannot afford to move at a "steady pace" towards creating the wealth necessary to cure our many problems. Social reality however, seems to demonstrate, à la Lawson, that there are so many restricting factors in our ancient and ponderous democracy, that greater exports; higher productivity; better labour relations; higher employment; the recruitment of better management for industry—the list seems endless, are problems we can only rectify in second gear.

May the Japanese and West Germans be merciful with charitable restraint, while we achieve this measured metamorphosis!

And how long do we need to achieve it? Ten, 20, 30 years? Will our competitors pause and grant us the time in which to reach a situation they arrived at perhaps 20 years ago? It seems to have taken us that time to perceive, via the Manpower Services Commission, the fact that they have been prepared to invest up to 3 per cent of their sales revenue in training. How long will it take before our implementation of similar, and hopefully other, measures show results in economic terms? Time is certainly not on our side!

One is bound to question the extent to which the Government can afford to tolerate and acquiesce to the demands and habits of our "old and very slow-moving country." The Japanese and West Germans had the sort of prejudices, complacency and sheer stupidity we have suffered since the war crushed out of them with dramatic effect, as expressed by their economic dominance. We, of course, have continued to labour under the good fortune of not having had a similar experience!

For those who never or rarely go abroad, it is difficult to compare measures which have proved successful in another country and which must therefore appear unnecessary and even frightening when proposed here. But surely it is the duty of the Government to make such comparisons repeatedly and with precise and brutal frankness, so that the alternatives are made crystal clear—recovery in pain or continuing decline in oblivion!

While the Government doubtless appreciates the dilemma of satisfying democratically the conflicting demands of economic and social reality, it is a poor performer in both presentation of the alternatives and in the conditioning of the public so that the right choice is made and accepted. The miners are an example, despite Mr Scargill's machinations.

Furthermore, its preference for seeking examples in the U.S. and secondly in Japan is misguided. Both countries have much less in common with us in both cultural structure and economic interests than West Germany has.

D. M. G. Bird,
The Malt House, Hinton,
Nr Berkeley, Glos.

Capital for small businesses

From Mr G. Burnstone

Sir,—The suggestion has been made that the Chancellor may be thinking of taxing the lump sums that many people receive in exchange for part of their pension at retirement. Most of the many millions of people in occupational schemes will be aware of this pension option.

As a pre-retiree, I have regarded this tax-free sum as an integral part of my pension benefits during the many years I have been in my employer's scheme. Countless others must be looking forward to it for the fruition of their pension plans. In many instances, such plans must include the use of the money as capital for the setting-up of a small retirement business. They will have been encouraged in this attitude by Mrs Thatcher's Government, which sets so much store on private initiatives, the establishment of small new enterprises and the creation of employment through entrepreneurial activities.

It seems to me that the Chancellor's rumoured intent will stifle any thoughts that I, and others, may have had in that direction. To that extent, the effect of the suggested action will be exactly contrary to the stated aims and hopes of the administration.

Even putting all this on one side, I believe it would be quite unfair to impose a tax treatment on this benefit in the light of the encouragement and advice given to people to be self-supporting, and to supplement their pension by making additional voluntary contributions (AVCs). If the Chancellor's reported intentions proved to be correct, all those who have been prudent enough to save through AVCs in the hope of providing a useful sum at retirement will find the benefit eroded, and will effectively be penalised for the decision not to rely entirely on the State to look after them in their old age.

Geoffrey Burnstone.
Craiglands,
Stanmore Drive,
Haverbreaks,
Lancaster.

Cotton as a crop

From the Executive Director, International Institute for Cotton

Sir,—I should like to respond to one paragraph in Patti Walmeir's stimulating article "Famine in Africa" (November 21)—written as it was against the background of the appalling series of famines afflicting Africa in recent years.

The un-named African critics, blaming World Bank programmes for giving undue emphasis to cash crops, choose a singularly inept example in cotton—both in general and in the particular case given.

Cotton production in Mali—in fact—rose 122.7 per cent between 1967 and 1972, and not 400 per cent as they claim. More importantly, the 1972 crop was produced on just 0.66 of one per cent of Mali's arable land (i.e. that under regular crop cultivation). Surely it is a gross distortion to blame cotton's inroads on to food producing land as even a minor contributor to the ensuing famine.

In fact export earnings from raw cotton in that drought year were vital to the country's hard-pressed exchequer—accounting for 25 per cent of Mali's total foreign trade earnings.

Furthermore it is too often ignored that cotton is a significant food source. Some two-thirds by weight of any crop is cotton-seed—today the world's fifth source of vegetable oil for human consumption—accounting for 8.5 per cent of oil from major seed sources. As a source of high protein animal feed, cotton-seed ranks second only to soybeans. In the specific case of Mali the need to "store" a cattle herd exceeding 4.5m in the dry season makes availability of such a feed source indispensable. (Cattle can maintain body weight from the dryest of dead vegetation only providing they have a minimal protein-rich supplementary feed.)

The sad fact is that not nearly enough is done—because the finance is not available—to maximise the advantages of cotton production in the Third World. That is no reason to propose that the present structures be dismantled.

Cotton agriculture provides a cash income to 140m people in developing countries, it earns the Third World over $3bn in foreign exchange in exports of raw fibre; it ensures a home produced raw material with which to develop their textile industries.

Peter Pereira.
rue du Commerce 10,
B-1040 Brussels.

Finance for students

From Mr J. Smulders

Sir,—It is a little difficult to see how new graduates earning perhaps £6,000 a year in their first job, are going to repay a student loan of say £10,000 as well as starting on the property ladder with a large mortgage, run a car and pay for other normal living expenses. Really your idea (Leader, November 26), is unrealistic!

In the meantime I have to find a totally unbudgeted 5 per cent or more of my salary extra next year to finance the higher education of two of my children. That is unreasonable too!

A new generation of middle class parents will, no doubt, to coin a popular phrase, vote with their feet, and have fewer children in the future.

J. F. Smulders.
The Haven,
Camden Place,
Bourne End, Bucks.

Rights versus placings

From the Chairman, Wider Share Ownership Council.

Sir,—I was glad to see that you have (November 30) added your editorial voice to those which have been criticising "vendor placings."

As you say, the idea that capital is raised advantageously by issuing shares at a discount is preposterous, and I hope you are mistaken in thinking that at least some financial directors do not understand this. Recalling the long-accepted heresy that there was or could be a "bonus element" in rights issues, however, I fear you may be correct.

Having said that, I am sorry to see that you seem to accept the "housemaid's baby" argument that a few small dilutions should be overlooked. The thing is wrong in principle, and the efforts of those (including HM Government) who are concerned to promote wider share ownership will be seriously undermined if potential investors begin to suspect that they can be fleeced in this way.

Edgar Palamountain.
94, St Paul's Churchyard, EC4.

FINANCIAL TIMES
Wednesday December 5 1984

Washington plans deep cuts in farm price support

By Stewart Fleming in Washington

THE REAGAN Administration is examining proposals to cut farm price supports drastically over the next three years as part of its effort to reduce the federal budget deficit, White House budget officials confirmed yesterday.

They say that the objective will be to try and reduce annual price support outlays from an anticipated $12.9bn in this fiscal year to about half this level in 1988.

Mr John Block, Agricultural Secretary, is reportedly backing the proposed savings on the grounds that the agricultural sector must eventually take its fair share of the budget cuts.

However, along with other Reagan Administration officials including Mr Donald Regan, Treasury Secretary, Mr Block believes that significant cuts in the rate of growth of defence spending must also figure in the President's deficit reduction programme. The future of the defence budget is the centre of a fierce controversy within the Reagan Administration. Mr Caspar Weinberger, Defence Secretary, is fighting pressure to concede a freeze on military pay in the 1986 budget.

Administration officials say that although reductions in farm support programmes have been accepted as necessary it has not yet been decided how this is to be done and what kind of more economical farm programme should replace the existing system, which dates back to the 1930s.

In an interview yesterday Mr Block said that one proposal was that the Government should only support farm prices when they fell to 75 per cent of the average open market price over the past five years. At present, support prices can exceed market prices.

Mr Block also said that he would propose a "get-tough" policy by the U.S. to pressure foreign competitors not to subsidise their farmers. There are signs, as tensions increase between the U.S. and EEC countries on agricultural subsidies, that the Administration is already adopting a tougher stance on agricultural trade.

There are predictions also that when the legislation needed to reform the farm support programme comes before Congress next year it may feature proposals aimed in part at helping U.S. farmers compete more effectively in international markets.

World coarse grain crop set for record, Page 40

Warsaw Pact calls for N-missile elimination

BY LESLIE COLITT IN EAST BERLIN

NEXT MONTH'S Soviet-U.S. arms control talks in Geneva should aim to reduce and "completely eliminate" strategic and intermediate-range nuclear missiles in Europe and elsewhere, while banning anti-ballistic missile systems in space, the Warsaw Pact says.

A two-day meeting of Warsaw Pact foreign ministers in East Berlin, which ended yesterday, dealt mainly with the talks scheduled for early January between Mr George Shultz, U.S. Secretary of State, and Mr Andrei Gromyko, Soviet Foreign Minister.

Mr Gromyko and the other Soviet-led alliance foreign ministers said they advocated a "radical reduction" and then elimination of medium-range and tactical nuclear weapons in Europe. They also proposed a "quantitative and qualitative freeze" on nuclear weapons and said Moscow was prepared to take this step together with the U.S. as an "example" for other nuclear powers.

The Warsaw Pact communiqué reflected Moscow's deep concern over President Ronald Reagan's "star wars" plan. It said all efforts to spread the arms race to the "cosmic sphere" would have to be halted. This problem must be "radically solved" as soon as possible by means of a "dependably controllable" agreement on a bilateral or multilateral basis, it said.

The foreign ministers said their countries wanted to "continue and intensify" detente in Europe while strengthening security and developing co-operation in continental Europe on the basis of the final act of the 1975 Helsinki Conference.

The Warsaw Pact members also called for negotiations to begin to conclude rapidly a nuclear test ban treaty. They reiterated their proposals to ban chemical weapons in Europe and to conclude a renunciation-of-force treaty with Nato.

The tone of the Warsaw Pact communiqué was largely conciliatory although it attacked the U.S. for allegedly wanting to achieve military superiority. The Warsaw Pact warned of the dire consequences of a continued upward spiral in the arms race, noting that "long as it is not too late" everything must be done to lessen the danger of a military confrontation.

Chernenko ready to meet Reagan, Page 3

Nato ministers boost spending on conventional weapons

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT, IN BRUSSELS

NATO defence ministers yesterday agreed to more than double spending on projects designed specifically to improve the alliance's ability to fight and to sustain a conventional war in Europe.

The ministers have approved a fund of $7.85bn which will be spent on Nato's so-called infrastructure programme during the next six years.

This will enable the alliance substantially to improve facilities, such as airfields, aircraft shelters, fuel pipelines and communications which are necessary to receive U.S. reinforcements in time of war.

According to Mr Richard Perle, assistant secretary at the Pentagon responsible for international security policy, the decision to increase the infrastructure fund represented a "very impressive effort" to solve some of the critical problems which had dogged the alliance for many years.

The ministers also committed themselves to increase war stocks, including ammunition. Nato has long aimed at holding enough stocks for 30 days, but many countries fall far behind this.

The package of measures approved yesterday is seen in Brussels as a specific response to criticism from the U.S. Congress, spearheaded by Senator Sam Nunn.

Last June Mr Nunn introduced an amendment containing a detailed plan for the progressive withdrawal of U.S. troops from Europe unless member governments undertook to improve the infrastructure designed to facilitate U.S. reinforcements. The amendment was not passed, but many believe it could be revived next spring.

It is not clear whether the programme endorsed yesterday will fully satisfy Mr Nunn, who has come to dominate Nato's deliberations over the past few months.

The package is said to mean a real increase in infrastructure spending of about 40 per cent, but it involves a reallocation of resources rather than a net increase.

The infrastructure budget represents less than 1 per cent of Nato's total defence spending but is the subject of frequent wrangling.

Mr Michael Heseltine, the British Defence Secretary, said yesterday that European governments recognised the justice of some of the U.S. criticism. Mr Nunn's amendment had been a useful spur to action, he said.

Mr Heseltine stressed his anxiety not to raise the temperature of the transatlantic debate. He said that Europe's case was well understood by the U.S. Administration, if not entirely by Congress.

Extortion hits profits in Japan's sweets industry

By Yoko Shibata in Tokyo

JAPAN'S CONFECTIONERY industry has fallen into an unseasonally deep gloom with sales at the 8,000 retailers running 15 per cent below last year's level following the extortion campaign against two of the larger sweet manufacturers, Ezaki Glico and Morinaga.

The sales drop has been worsened by the decision of the sweet makers to curb their advertising campaigns – perhaps hoping that by keeping a low profile they will not attract the extortionists' attention.

Schoolchildren are being told to stay away from sweets, and many shopkeepers claim that the sight of a child buying confectionery is becoming rare.

The Japanese Government has been forced to assist the sector. The Ministry of Labour has designated sales and manufacture of confectionery as eligible for employment subsidies under a measure that came into effect from December 1.

Morinaga, with 73,000 employees, will be able to claim half to two thirds of the cost of any redundancy or other labour agreement it reaches with its unions as a result of its difficulties.

The Government's measures are aimed at helping Morinaga's subsidiaries and suppliers which face severe financial difficulties following the 10 per cent reduction in parent company production. The drop came after threats to poison the group's products by a still unidentified gang of extortionists.

According to the Ministry of Finance, five Morinaga affiliates have asked for loans totalling Y500m ($2m) from various official institutions. Loans to the value of Y150m have already been advanced to companies by government-backed bodies. The ministry has asked institutions to respond quickly to new appeals for assistance.

The top four quoted confectionary companies – Morinaga, Glico, Meiji and Fujiya – have reported poor business prospects for the year to March 1985. Interim net profits at Morinaga dropped by 46 per cent to Y1.37bn although sales were up 8.7 per cent to Y66.1bn. For the full year, Morinaga forecasts a pre-tax loss of Y1.3bn.

Glico, which has been under poisoning threats since last March, saw its interim net profit fall to Y2m from Y3.8bn on sales down 28 per cent to Y47bn. The company has forecast a small net profit of Y400m, 96 per cent down on last year's level.

Sales at Meiji were down 2.1 per cent to Y100bn for the half year, and net profits were down 15.4 per cent to Y2bn. Full-year profits are expected to fall 14 per cent to Y4bn.

At Fujiya interim net profits dropped by 16 per cent to Y426m on sales of Y57.2bn, up 3.4 per cent. The company is projecting net profits for the year 15 per cent lower at Y850m and sales unchanged at Y122bn.

Reuter reports: Swiss police arrested a 40-year-old Swede alleged to have threatened the Nestlé food company that he would poison their chocolates unless he was paid SwFr 700,000 ($276,000).

● Sumitomo Life Insurance's New York subsidiary Sumitomo Life America, has made an investment advisory agreement with J. P. Morgan Investment Management, a Delaware-based subsidiary of Morgan Guaranty Trust.

Sumitomo Life America and J. P Morgan will initially co-operate in deciding on Sumitomo Life Insurance's investment in U.S. Treasury securities and later on investment in equities.

THE LEX COLUMN

Alexander the Munificent

The incautious in pursuit of the indigestible is perhaps an uncharitable way of looking at the proposed merger of Alexander & Alexander with the Reed Stenhouse Companies. A & A has not exactly demonstrated that it has a golden touch when it comes to acquisitions – the unfolding disaster of its involvement with Alexander Howden suggests the contrary view pretty firmly. It must be, in part, a consequence of the Howden affair, with its post-acquisition trail of asset shortfalls and Riviera villas, that the present wedding festivities are to be rather protracted. Each side is going to exercise all imaginable diligence in going through the books.

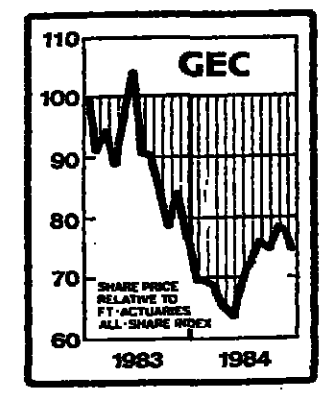
From the Reed Stenhouse viewpoint, at any rate, there is the attraction of a healthy bid-premium. Indeed, former shareholders in the old Stenhouse Holdings group, rather acrimoniously absorbed by RSC earlier this year, will have doubled their money in the space of 12 months. An exit price which represents something like 20 times current-year earnings is respectable enough.

Anyone who asked for more would have to show that the apparent upturn in premiums since the summer would work more to the advantage of RSC than other brokers. It might be argued, however, that the snugness of fit between the two groups – another way of saying that they have little business in common – will ensure that the high price can be absorbed in an exceptionally rapid recovery of combined earnings.

GEC

There was plenty of ammunition in yesterday's interim figures for both the admirers and the detractors of GEC. The absence of any real surprises was relief enough in itself after the recent upset from Plessey, and the 16.5 per cent rise in pre-tax profits to £332m was if not electrifying, thoroughly respectable.

The qualities of the financial engineering division were well in evidence, with foreign currency gains contributing £11m to an overall increase of £28m in net investment income. Those strengths, however, are well enough known. Much more impressive was the order which GEC has restored to its American business. The 72 per cent rise in



profits from that area owed a good deal to exceptional results from Marconi Canada, but the £8m turnaround at A.B. Dick showed GEC in its old nettle-grasping form.

Unfortunately, six out of the group's eight operating divisions showed in aggregate no profits growth at all. Stock write-downs have taken a toll, and there is scope for recovery in the second half, but yesterday's number did little to defuse the criticism that GEC profits are too heavily skewed towards defence systems and the gilt-edged market. Yesterday provided an opportunity for some quick trading profits in GEC, and the shares closed 5p lower at 225p where, assuming full-year profits of £770m taxed at 42 per cent, the multiple is just over 14.

Trafalgar House

Trafalgar House has turned in preliminary results of which even Mr Jeffrey Sterling would be proud. The 43 per cent gain in pre-tax profits to £113.2m was admittedly assisted by a bewildering string of acquisitions and disposals during the year to September, but it is hard to quibble with underlying earnings per share growth of just over a quarter.

Almost all the improvement at the trading level can admittedly be attributed to the Forties oil field investment, and it is disappointing to see, after all the toil and trouble, that the profits on the P & O investment and on three hotels were only just sufficient to offset write-downs on two fruit carriers. But, with Comben under its belt and the offshore companies showing a good deal of strategic coherence, Trafalgar looks set to build on last year's achievement.

The expansion plans are characteristically ambitious. Roughly £100m have been allocated to oil and gas spending this year, while the rebuilding of the Atlantic Conveyor will absorb another £48m. If Trafalgar opts to re-engine the QE2 luxury liner, at a cost of about £60m, the capital outlays will be really formidable. But the group sets out with a balance sheet showing net debt of £90m supported by shareholders' funds of £327m.

Last year saw a positive cash flow on operations, while the disposal of Plumtree Court will shortly provide tidy receipts. And the tax charge looks stuck at around 25 per cent for the foreseeable future. So Trafalgar has the resources to match its ambitions – even if an earnings multiple of under 10 times reflects some reservations about the buccaneers on the bridge.

BPCC/Waddington

Mr Robert Maxwell's latest trip around the Monopoly board has drawn him two interesting chance cards. The first proclaims as expected that there are one or two more hotels on the Waddington square than the first time BPCC threw the dice. The returns on the Waddington property next year look more attractive than ever, although the defence has not been able to come up just yet with a full 1984-85 profits forecast. Mr Maxwell's formal complaint to the Take-over Panel on this score seems unlikely to be more than a passing distraction from the real issues.

The second card invites Mr Maxwell to look again at his own finances. It is always a nice question whether a defence strategy has much to gain against a cash bid by impugning the financial position of the attacker, although Waddington can be sure of an avid City of London audience for its observations about the Pergamon empire and its assorted balance sheets. Pandering to this appetite, though, Waddington may have added some of its figures together rather too enthusiastically: neither leasing nor hire purchase obligations, after all, is included in any normal measure of capital gearing. No one ever supposed, anyway, that Mr Maxwell was letting cash pile up behind his back.

Statoil 'will match' lower UK oil prices

By Dominic Lawson in London

STATOIL, the Norwegian state oil company, is expected to announce today that it will match the UK's lower North Sea oil prices for the rest of the year.

Norway has been selling its crude oil at official prices 35 cents above the level of comparable UK crudes and has come under sustained pressure from customers to cut its prices.

North Sea spot prices are well below official levels. January shipments of Brent, the UK marker crude, were quoted yesterday at $27.30 a barrel, compared with the term price of $28.65.

Statoil has the option of gaining customers from the British National Oil Corporation (BNOC) by undercutting the UK price. The Norwegian state oil company came under heavy domestic political attack, however, when it unilaterally cut its oil price in October.

This was followed by price cuts from Britain and Nigeria and precipitated the recent decision by the Organisation of Petroleum Exporting Countries to cut production and hold prices.

Miners' Luxembourg funds elude receiver

BY PAUL CHEESERIGHT IN LUXEMBOURG

MR HERBERT BREWER, who was appointed receiver of Britain's National Union of Mineworkers' funds by the High Court in London, has failed in his initial attempt to take possession of £4.63m ($5.53m) worth of dollar bearer bonds deposited in Luxembourg.

The bonds were placed by the union at Nobis-Finanz, a Luxembourg finance house, in an effort to keep them out of the hands of Price Waterhouse, appointed by the court to sequestrate NUM assets.

Mr Brewer was leaving Luxembourg last night after what he called "amicable discussions" with Nobis and its legal advisers. Decisions would be taken later, he said.

His next step will be to report to the High Court tomorrow on the progress of his receivership. At that time he may be confirmed as the receiver. His initial appointment was for one week only, allowing the NUM some room for manoeuvre if it chose to purge its contempt of the court.

Mr Brewer is understood to have left specimen signatures at Nobis suggesting that the finance house may be prepared under certain circumstance to hand over the NUM funds.

It is probable that Nobis is waiting for the outcome of tomorrow's High Court hearing. The temporary nature of Mr Brewer's appointment could have been a deterrent to a rapid transfer of funds.

It opened up the possibility that Nobis might have been faced with two claims: one from the receiver acting in effect on behalf of the sequestrators and a second from the NUM itself.

Mr Brewer may decide that he now has no option but to go into the Luxembourg courts to establish his right to the NUM funds.

Last week, a Luxembourg court refused to freeze the NUM assets on the grounds that it could not enforce the decision of a foreign court. This reticence to support a British court is likely also to have been a deterrent to Nobis taking rapid action on Mr Brewer's claim.

Nobis has been caught in a domestic British dispute about the right to have access to the NUM funds. Mr Brewer was appointed only after the close of banking hours last Friday, and his presence in Luxembourg since the start of business on Monday has had the effect of freezing the NUM funds.

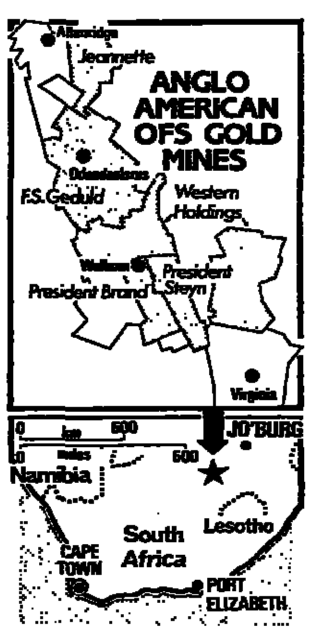
It has been easier for Nobis to do nothing and seek legal advice than to answer either the claim of Mr Brewer or any instructions which might have come from the trustees of the NUM funds now dislodged by the High Court.

The funds in Luxembourg constitute more than half the assets the NUM placed outside Britain to avoid the sequestrators. A further £2.73m ($3.2m) is in Ireland, and an additional £503,000 is in Switzerland. Both of these deposits are the subject of legal action.

● Leaders of the Trades Union Congress who met for three hours yesterday to discuss the mineworkers' strike, said later they would be meeting leaders of the National Union of Mineworkers tomorrow.

Their statement, however, made no mention of the emergency general council meeting which the mineworkers' delegate conference has demanded.

Scargill demands stronger TUC support, Page 8; Feature, Page 16



Mines merger at Anglo American

Continued from Page 1

several years into the next century. There could also be tax benefits.

The OFS was the first big gold field to be discovered in South Africa after the Second World War. Mr Harry Oppenheimer headed the team responsible for developing the Anglo American group's gold mines in the field and they reached full production in the 1950s.

The biggest disappointment was the ill-starred Jeannette property, which was abandoned in 1955 when, after two shafts had been put down, gold values failed to live up to expectations and difficult mining conditions were encountered.

It is possible, however, that the property may be included in the enlarged mining complex later

Alexander in Canadian merger plan

Continued from Page 1

In the first nine months of this year the company has struggled back to net profits of only $16.6m.

Reed Stenhouse has also suffered a profits slide since its peak year of 1981, when it earned C$19.2m. Last year net income amounted to C$13.2m, and in the first nine months of this year they reached C$5.1m. Sales of the combined group are expected to amount to about $900m next year.

Mr Densen said that there might be some short-term earnings dilution for Alexander & Alexander shareholders as a result of the deal, but that he expected rapid benefits.

"We feel that there is almost a perfect fit between the two companies," he said. "Reed Stenhouse is extremely strong in the international retail brokerage business, while we are quite strong in this field in the U.S. where they have problems."

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	14	57	Dubrovnik	S	16	61	Malaga	F	21	70	Salzburg	C	3	37
Akrotiri	C	17	63	Faro	F	18	64	Malta	C	14	57	Seoul	C	6	43
Algiers	C	15	59	Florence	C	12	54	Manila	F	31	88	Singapore	C	32	90
Amsterdam	F	5	41	Frankfurt	C	5	41	Miami	C	26	79	Stockholm	C	3	37
Athens	F	12	54	Funchal	F	20	68	Milan	C	9	48	Strasbourg	C	4	39
Bahrain	S	25	77	Geneva	C	6	43	Moscow	Sn	-6	21	Sydney	S	22	72
Bangkok	F	31	88	Gibraltar	F	19	66	Munich	C	2	36	Taipei	C	24	75
Barcelona	S	15	59	Guernsey	C	11	52	Nairobi	S	26	79	Tangier	C	17	63
Beirut	F	17	63	Helsinki	D	3	37	Naples	F	15	59	Tehran	—	—	—
Belgrade	—	—	—	H. Kong	F	24	75	New Delhi	S	21	70	Tel Aviv	F	18	64
Berlin	S	3	37	Innsbruck	S	6	43	New York	F	11	52	Tenerife	F	22	72
Biarritz	F	15	59	Inverness	F	4	39	Nice	S	15	59	Tokyo	S	13	55
Blackpool	C	9	48	Istanbul	F	8	46	Oporto	C	12	54	Toronto	C	-2	28
Bordeaux	F	14	57	Jersey	C	11	52	Oslo	C	3	37	Tunis	—	—	—
Brussels	C	7	45	Jo'burg	F	27	81	Paris	C	9	48	Valencia	S	17	63
Budapest	S	2	36	Las Palmas	F	21	70	Prague	S	3	37	Venice	S	8	46
B. Aires	F	29	84	Lima	F	23	73	Reykjavik	F	2	36	Vienna	F	5	41
Cairo	F	22	72	Lisbon	C	16	61	Rio de J'o	C	30	86	Warsaw	C	-1	30
Cape Town	C	15	59	Locarno	C	14	58	Rome	S	14	57	Zurich	C	6	43
Caracas	C	27	81	London	C	11	52								
Casablanca	S	18	64	Los Angeles	F	16	61								
Copenhagen	C	3	37	Luxembourg	Fg	1	34								
Corfu	F	16	61	Madrid	C	10	50								
Dublin	F	9	48	Majorca	F	17	63								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

EEC stalemate broken

Continued from Page 1

common positions on fish, fruit and vegetables, amounts to a vital breakthrough towards completing the enlargement talks.

The heads of government also endorsed an agreement on budget discipline in the Community, which will now involve the European Parliament, and was formally adopted by their foreign ministers.

That deal will finally allow both Britain and West Germany to pay up their shares of the immediate *Ecu 1bn financing gap faced* by the Community before the end of this year. Both governments had refused to pay until budgetary discipline was guaranteed.

They also agreed on the broad guidelines for greater co-operation in economic policy, particularly on job creation and faster progress towards a genuine common market in goods and services.

Officials now expect the enlargement negotiations with Spain and Portugal to resume at an official level next week, but each agreement will remain subject to the lasting Greek reservation that it will *not give its final* approval until the Mediterranean programme is satisfactorily settled. That might cause the process to be regularly disrupted.

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter Societäts-Druckerei GmbH, Frankfurt/Main. Responsible editor: C.E.P. Smith, Frankfurt/Main. © The Financial Times Ltd, 1984.

SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Wednesday December 5 1984

Deere income hit by cost of sales campaign

BY WILLIAM HALL IN NEW YORK

JOHN DEERE, the leading U.S. farm equipment manufacturer, reported a 31 per cent drop in fourth-quarter net income to $34.2m, but says that after stripping out inventory benefits and other special items worldwide net income is virtually unchanged on a year ago at $23.2m.

Mr Robert Hanson, Deere's chairman, says that on a pre-tax basis the company has reduced the operating loss from its manufacturing and marketing operations in 1984 as a result of increased production and sales volume, improved manufacturing efficiency and continuing cost reductions.

For the year to October 31, Deere's net income rose from $23.3m to $104.9m, or $1.55 per share. Sales rose 11 per cent to $4.4bn over the year. Deere says that stripping out inventory profits and other special items such as the proceeds from a patent infringement settlement, 1984 net income totalled $38m compared with a net loss of $34.6m.

Deere says it continues to suffer from low levels of capacity utilisation and "extremely high cost of sales incentives" which were substantially higher in the final quarter of the current year. The higher incentives, particularly on older model tractors and combine harvesters, more than offset the favourable effects of greater volume. Sales incentives have enabled its dealers to show much improved sales in recent months in comparison with the rest of the depressed North American industry.

It warns, however, that it sees no short-term improvement in North American retail demand for the farm equipment industry. Relatively high interest rates and low commodity prices continue to take their toll of the farm economy.

The industry continues to suffer from high levels of dealer inventories, low capacity utilisation and intense price discounting. Demand for farm equipment overseas in 1985 is expected to be unchanged from this year. While demand for construction and forestry equipment was much improved in 1984. Deere forecasts that growth in 1985 will be more moderate and says that this sector of the industry also suffers from excess capacity.

The company says that its operating results will remain under severe pressure in 1985 particularly in the first quarter when earnings will be hit by the previously announced two-month shutdown of its combine factory, low tractor production and the normal low seasonal demand.

Royal Bank of Canada slips 6%

By Robert Gibbens in Montreal

ROYAL Bank of Canada, the country's largest chartered bank, suffered a 6 per cent drop in earnings for fiscal 1984, mainly due to very tight margins on international business, slow domestic activity and a continued high level of non-performing loans and loan losses. Fee income continued strong, however.

Net profit for the year ended October 31 1984 was C$450m or ($340m) C$3.87 a share fully diluted, against C$480m or C$4.58 a share in fiscal 1983. Average shares outstanding were 90.8m against 86.8m. The bank's return on assets was 0.52 per cent against 0.55 per cent and return on common equity 13.8 per cent against 16.8 per cent.

Fourth-quarter net profit was C$106m, or 88 cents a share, against C$127m or C$127m or C$1.15, but up 3 per cent from the third quarter. Return on assets was 0.48 per cent against 0.59 per cent a year earlier.

For all of fiscal 1984 earnings from domestic operations, at C$359m, were up 4 per cent and return on assets was 0.65 per cent against 0.66 per cent. On the international side earnings were C$91m down 14 per cent and return on assets was 0.29 per cent against 0.35 per cent.

Total assets at October 31 were C$88bn, up C$3.3bn from a year earlier, reflecting growth in domestic personal loans and mortgages. Corporate borrowings in Canada and internationally showed no growth.

The bank said the outlook for the international debt situation was more favourable than for some time. If interest rates continued lower the prospects for resolution of international and domestic loan problems would improve.

SPECIALISATION PROVES PROFITABLE FOR A MASSACHUSETTS BANK

Growing up at State Street

BY PAUL TAYLOR IN NEW YORK

WITH TRADITIONAL wholesale banking business in the U.S. in the doldrums or worse, many banks are turning to non-interest or fee income to bolster their bottom lines.

Some, like Boston's State Street bank, have a head start. The bank, the fifth largest in Massachusetts and one of the nation's oldest, was founded in 1792 mainly to serve the city's merchant community and international sea trade.

State Street, with just over $4bn in assets at the end of last year, hardly ranks in terms of size against the major U.S. money centre banks. State Street, however, has proved a highly successful specialised player in the money management, trust and custodian services business. State Street is one of the top domestic investment trustees and the market leader as a mutual fund custodian. In total the bank has over $100bn in securities under its responsibility.

"We know what we want to be when we grow up," said Mr Ronald Golz, State Street's vice-president in charge of the bank's investment management and custody business.

In the domestic market State Street was one of the first banks to spot the opportunity presented by a new wave of investment instruments. In 1924 when the first mutual fund was introduced State Street was named custodian. State Street says it is the world's largest mutual fund custodian boasting about a 35 per cent market share in the U.S. and providing record keeping and other services for about 4m fund shareholders. "We own that market – in a nice way," said Mr Golz.

Aside from being the largest individual money manager in the North-east State Street, has also grown to be a major force in the pension fund trustee business by investing heavily in the automated systems and computers such businesses require.

When the 1974 Employee Retirement Income Security Act legislation was passed requiring greater monitoring and management of U.S. pension funds the bank went after the new market for master custodians in a big way. The result was that within a decade State Street became the second largest domestic master trustee for pension funds in the U.S. Those funds – mostly industrial – have portfolios totalling over $55bn.

"We and Bankers Trust were the first to spot the market," said Mr Golz. Mr Golz and State Street believe they have hit upon another and potentially massive growth area: offering custodial services across the world to pension funds and institutional investors whose portfolio's are increasingly geographically dispersed.

"It is a logical extension for U.S.," said Mr Golz, who began actively marketing the bank's "global custodian," service to potential customers in Europe and the Far East three years ago. What attracts State Street to the international market is the pace of growth of pension fund assets in the UK and elsewhere, and the fact that portfolios are becoming increasingly "internationalised."

State Street's big leap into the international arena for custodian services mirrors the expansion of U.S. pension fund portfolios overseas. Last year the size of these pension fund holdings increased by 37 per cent to $14.6bn. The move reflects the bank's belief that the type of services it began offering to these U.S. institutions with overseas portfolios also have a market outside the U.S. where the pace of pension fund growth, in several countries including the UK, is outstripping that in the U.S.

We have developed a global custodian services capability in 18 different markets, said Mr Golz referring to the network of sub-custodians State Street has built up.

Using this network State Street offers institutions a service which brings together securities handling, record keeping, tight cash management, consolidated and multi-currency reporting and other features in one package. The advantage, according to Mr Golz, is that instead of dealing with for example five seperate custodians around the world the fund manager with an international portfolio only needs to deal with one.

In the three years since June 1981 when State Street began offering its global custody services the value of underlying assets in its care has grown to $1.1bn. Around 35 per cent of the new business has come from Japan, followed by the U.S. and UK where the proportion of global custodian business "is both in double digits."

Cape Industries set to write off half its group assets

BY RAY MAUGHAN

CAPE INDUSTRIES, the 67 per cent-owned building products subsidiary of Charter Consolidated and one of its most important UK assets, will today announce that it has written off about half of its assets with the sale and closure of its fibre insulation divison.

About a quarter of the total UK capacity for glass wool insulation manufacture will be closed with the shutdown of Cape's plant at Washington, in the North-east of England. The closure will mean the loss of about 400 jobs.

Cape is also selling its rock wool insulation plants at Queensferry, Clwyd, Mid Wales and Stirling, Scotland, to Pilkington Brothers, the UK manufacturer of float glass. It will add the two plants to its fibreglass insulation division.

Assets to be sold were valued at about £13m ($15.4m) at the end of September, which compares with the proceeds received by Cape of some £8m which it will use to cut borrowings.

Stirling and Queensferry made losses of £1m in the nine months to September after profits in previous years, but Cape estimated yesterday that the cost of closing the Washington factory would be £3m which Mr David Llewellyn, Cape's finance director, said would lead to the erosion of about £20m of the group's assets.

He also said that the delayed interim results due yesterday but now scheduled for today, would show further overall trading losses. The effects of further restructuring elsewhere in the group would total about £30m. In the December 1983 balance sheet Charter showed that its quoted subsidiary had a net worth of almost £60m.

Cape shares were suspended yesterday at 55p against a year's peak of 118p pending clarification of the trading position

Tomorrow Charter will play a leading part in the first stages in the capital reconstruction of Johnson Matthey, its 27 per cent-owned speciality chemicals and refining associate.

Charter and the clearing banks are expected to give strong and continued backing to Cape

Touche Ross buys Boston consultancy

BY OUR NEW YORK STAFF

TOUCHE ROSS, one of the "big eight" U.S. accounting firms, has acquired Braxton Associates, a large independent management consulting firm.

The acquisition is the latest move by the large U.S. accounting firms to bolster their fee income from consultancy services. It also comes as partners in Price Waterhouse and Deloitte Haskins & Sells, two other leading accounting firms, begin voting on a planned merger.

Touche Ross and Braxton, a Boston-based consultancy group specialising in corporate strategic planning, declined to comment on the financial details of the acquisition, although the deal is believed to be worth less than $10m.

All the main U.S. accounting firms have been stepping up their internal management consultancy operations in an effort to generate additional fee income, but the move by Touche Ross is believed to be the first time a principal U.S. accounting firm has expanded that area of business through acquisition.

Georgia-Pacific sell-off to leave $160m loss

BY OUR FINANCIAL STAFF

GEORGIA-PACIFIC, the U.S. forest products company, expects a net loss of $160m on the proposed sale of its commodity, chemicals and oil businesses.

The group has agreed to a management buy-out of its commodity chemicals business. It will receive $200m cash and securities with a discounted present value of about $70m.

The company is continuing to negotiate the sale of an oil and gas subsidiary which it bought in 1975 to help to ensure natural gas feedstock for its Plaquemine, Louisiana, chemicals complex. At the end of last year it had proven reserves of 87.9bn cu ft of natural gas and 6.1m barrels of oil.

Georgia-Pacific's chief executive, Mr Marshall Hahn, says the sales are "in line with our strategy of focusing on our core forest products businesses."

The sales will result in an aggregate net loss of around $160m. In the first nine months of 1984, the group showed net income of $218m.

GHH forecasts return to profit

BY RUPERT CORNWELL IN BONN

GHH, West Germany's largest mechanical engineering group, yesterday reported a loss of DM 59m ($19m) for the year ended June 1984, compared with a deficit of DM 84m a year earlier.

However, the concern is confidently forecasting a return to profits for the current year, thanks to the improving economic climate and turnround at last at its biggest subsidiary, the engines and trucks group, MAN.

Last year MAN was again more than responsible for the loss of the GHH group, although a rationalisation programme helped cut MAN's deficit to DM 112m, from DM 148m in 1982-1983.

The parent company has confirmed its intention of cutting the dividend to DM 6 from the DM 10 per share of 1982-83. But it reported healthy increases in both order intake and sales for last year.

Orders jumped by 14.4 per cent in the 12 months to June to reach DM 17.03bn, with the proportion for export rising to over 52 per cent, from 49 per cent. Turnover grew by nearly 5 per cent to DM 16.65bn.

In the first four months of the current year, GHH reports orders of almost DM 5bn, little changed from 1983-84. The renewed expansion however did not prevent a further cut in the group workforce last year, by 8.8 per cent to 69,542 as restructuring programmes bite deeper.

● Mannesmann, the leading steel and engineering group, has announced a 1985 investment programme totalling DM 788m, of which DM 496m will go for plant modernisation and extension: DM 213m will be channeled to the engineering and plant equipment division, the company said.

● Lufthansa has completed the purchase of 25 per cent of Avis of West Germany. The purchase is conditional on approval from the Federal Cartel Office. The two companies also agreed to broaden and extend for a further 10 years their Flydrive co-operation agreement.

Swiss venture for Dutch paper group

By Laura Raun in Amsterdam

BUEHRMANN - TETTERODE, the Dutch paper company, is considering a joint venture with the Roxxo group of Switzerland for the production of paper and synthetic industrial bags.

Bates Cepro, a Buehrmann subsidiary that makes large, heavy-duty bags for industry, would be combined with Roxxo, a Zurich-based company engaged in the same business. The newly formed Dutch-Swiss concern would comprise four factories: Bates Cepro's Maastricht factory and Roxxo's two in Switzerland and one in Belgium.

Buehrmann, which is based in Amsterdam, announced last week a joint Fl 80m ($22.8m) investment with Royal Dutch paper mills.

Besides paper and related products, Buehrmann also makes industrial machines, sporting goods and toys. Through structural changes and corporate reorganisation in recent years, it restored earnings to Fl 20.9m last year, up sharply from the Fl 1.5m of 1981.

Go-ahead for Rumasa disposal

BY TOM BURNS IN MADRID

THE SPANISH Government is expected today to approve the sale of the former Rumasa department store chain, Galerias Preciados to Gustavo Cisneros of Venezuela.

The sale price for the 27 stores has not been disclosed, but officials said it was in the region of Ptas 25bn ($8.7m). Gustavo Cisneros is understood to have offered Ptas 1.5bn for a 100 per cent shareholding and a further Ptas 8bn to cover part of the bank debt accumulated by the stores, reported to be close on Ptas 26bn.

The rest of the Ptas 25bn purchase price covers an undertaking by the Venezuelan group to cover social security, pension funds and direct tax owed to Galerias Preciados as well as debts to suppliers.

The sale of Galerias Preciados leaves just the construction group, Hispano Alemana, as the last remaining major Rumasa property to be reprivatised. The Rumasa empire was expropriated in 1983 on the grounds that it was on the verge of bankruptcy. Spanish courts are currently reviewing an appeal lodged by Rumasa's founder and former chairman, Sr Jose Maria Ruiz Mateos.

In the past year other major Rumasa properties, including its 17 banks, its wine interests and its hotel chain have also been reprivatised.

Galerias Preciados, with its accumulated deficit and sustained losses, had proved one of the most difficult companies to sell.

For Gustavo Cisneros, which has wide ranging interests that include retailing and communications in Venezuela, the purchase represents its first major investment in Europe.

Norwegian bank plans rights issue

BY FAY GJESTER IN OSLO

DEN NORSKE (DnC), Norway's largest commercial bank, plans to make a rights and bonus issue during the first half of 1985. The issue will increase capital to NKr 1.65bn from NKr 1.12bn at present.

Next February a one-for-three rights issue at 125 per cent of par will raise around NKr 475m ($52.9m). It will be followed by a one-for-ten bonus issue in June. Both old and new shares will be entitled to full dividend for 1985.

DnC says it will market the new shares abroad as well as in Norway. Only 3.6 per cent of its capital is currently held outside Norway whereas the quota for foreign investors is 10 per cent.

The bank's funding exercise is being made against a background of improving profits. For the first eight months of 1984, operating earnings were ahead despite slimmer banking margins.

Operating income for the eight months moved up to NKr 386.6m, an increase of more than a quarter. As a proportion of total assets profits were 1.76 per cent, slightly down on the return for 1983 as a whole.

Renault bolsters car side management

BY PAUL BETTS IN PARIS

RENAULT, the French state-owned car group, has further reshuffled its top management in an effort to speed up its recovery and cut losses.

The car group, which lost FFr 3.6bn ($377.4m) in the first half of this year and is seeking to cut 9,000 jobs before the end of next year, has appointed M. Pierre Séméréna to head its troubled car operations.

M. Séméréna has been in charge of Renault's heavily loss-making truck subsidiary, Renault Vehicules Industriels (RVI), for the past two years. RVI reported losses of FFr 1.4bn in the first half of this year, but now appears to have started a slow recovery.

M. Séméréna succeeded in restoring RVI's domestic market share which had dropped to 36 per cent last year to around 42 per cent by taking on foreign competition with a particularly fierce price war. He has also reduced RVI's labour force from 27,800 at the end of 1982 to around 23,200 with relatively little controversy.

His appointment to head Renault's car division, which currently employs 98,000 people in France, is the latest in a series of top management appointments at Renault designed to reinforce the top decision level of the car group.

M Pierre Tiberghien, present head of Renault's car operations, will take charge of all technical aspects of the car division. M Tiberghien was formerly head of Renault's planning and design department.

M Séméréna, before heading RVI, was in charge of Renault's Spanish car operations and of the group's international operations outside Europe. He is expected to concentrate on marketing and labour strategy to return the car division to profit and improve its share of the domestic market.

Renault has given the French unions a deadline of December 21 to approve the group's labour restructuring plan. The group appears relatively optimistic that the plan will be approved even by the pro-Communist CGT union.

Renault has just completed a long round of negotiations with the unions and expects to reduce its French automobile workforce by about 8,000 people through early retirements, repatriation incentives for immigrants and other voluntary departures by the end of last year. It hopes to be able to reduce its workforce by a further 1,000 next year to bring its total domestic car employment to its target of 89,000 people.

Pierre Semerana: succeeded in restoring the RVI truck subsidiary's share of the domestic market

Canadian bond yields forecast to decline

BY BERNARD SIMON IN TORONTO

BOND INVESTORS accustomed to significantly higher yields in the Canadian dollar market than the U.S. may find Canadian issues a little less attractive next year if economists are reading the signs correctly.

Although U.S. and Canadian interest rates are expected to move up at some stage during 1983, a strong body of opinion contends that the latter – long and short-term – will rise more slowly, narrowing the gap between U.S. and Canadian yields. A significant drop in Canadian rates is forecast for 1986.

Mr Roger Keane, economist at investment dealers Midland Doherty, predicts that the spread between short-term rates, around 200 points at present, may disappear next year. Mr James Stewart, of Dominion Securities Pitfield's economic department, says that long-term differentials will also narrow, but not as much.

These forecasts make the crucial assumption that Canada and the U.S. will come to grips with the budget deficits. Ottawa made a modest start with a mini-budget a month ago. Spending cuts announced then are expected to trim the federal Government's financing requirement for the year to March 1986 from C$32bn to C$29.2bn ($22.1bn).

Finance Minister Mr Michael Wilson has promised, however, that these cuts are just a beginning. Further pruning as well as tax increases are likely in next April's main budget.

Stockbroker Wood Gundy forecasts that the Government's cash requirement will tumble by almost C$10bn in 1986, and that long-term bond yields – presently around 12 per cent – will decline to 10.25 per cent by the end of that year.

Pressure on the markets from other public sector borrowers is also likely to ease, although the full impact will probably not be felt until 1986.

Canada's inflation outlook has reinforced prospects for moderating interest rates. The consumer price index edged up by a mere 3.4 per cent in the year to October – the smallest increase in 13 years – and wage settlements are at their lowest levels since statistics were first compiled in 1967.

Prices are not expected to accelerate for at least 18 months. Wood Gundy ventures to predict that inflation will slacken to a mere 2 per cent in 1988.

While yields on Canadian paper may thus lose some of their shine, foreigners (Japanese investors are by far the biggest holders of Canadian bonds) can look forward to a stronger Canadian dollar during 1985.

Most economists are confident that the Canadian currency will rise to between 78 and 79 U.S. cents during 1985. The chances of it going higher are dampened by the authorities' policy of holding interest rates as low as possible to sustain business growth and bring down the country's double-digit unemployment rate.

Capital markets, Page 42

Advance at Australian BOC unit

By Lachlan Drummond in Sydney

COMMONWEALTH Industrial Gases, the Australian offshoot of BOC International of the U.S., has translated an 11 per cent increase in sales to A$384m (U.S.$328m) into a 21 per cent improvement in net profits from A$19.5m to A$23.6m for its year to September.

The company said the profit growth reflected a slight improvement in market conditions as well as economies introduced in the previous year. The upsurge in annual earnings was more impressive at the pre-tax stage where there was a 29 per cent growth. from A$32m to A$41.3m. The rise in the tax rate in part reflected a lower level of investment allowances.

A final dividend of 10 cents, against 8 cents, takes the total annual payout to 16.5 per cent from 14 cents in the previous year. Per share profits were 29 cents, against 24 cents.

Satisfactory profit growth is expected for the current year for CIG, which is 60 per cent-owned by BOC, while an increased dividend has been assured for 1984-85.

LTA cautious despite rise in first-half turnover

BY JIM JONES IN JOHANNESBURG

LTA, one of South Africa's major construction companies, views prospects for the next two years with considerable reserve. Dr Zach De Beer, the chairman, says that the combination of restricted capital spending by public authorities and high interest rates has affected the markets in which the group operates and that drop in the volume of available work has led to retrenchments and overhead reduction programmes.

In the first six months ended September 30, turnover increased to R609m ($329m) from R521m as several long-term contracts were completed. However, operating profit before interest and tax fell to R9.7m from R15.5m. In the year ended March 31 1984, turnover was R1.06bn and operating profit totalled R30.6m.

Paradoxically Dr De Beer says that in the main construction field LTA's order book is higher than it was at the end of March.

First half earnings per share dropped to 23.3 cents from 63.8 cents.

● Tiger Oats formerly Tiger Oats and National Milling Company, which earlier this year sold its 29 per cent stake in J. Bibby and Sons to a Barlow Rand, said in its annual report that it was "strongly placed to act" if a suitable acquisition opportunity arose, Reuter reports from Johannesburg.

Cerebos Pacific lifts earnings

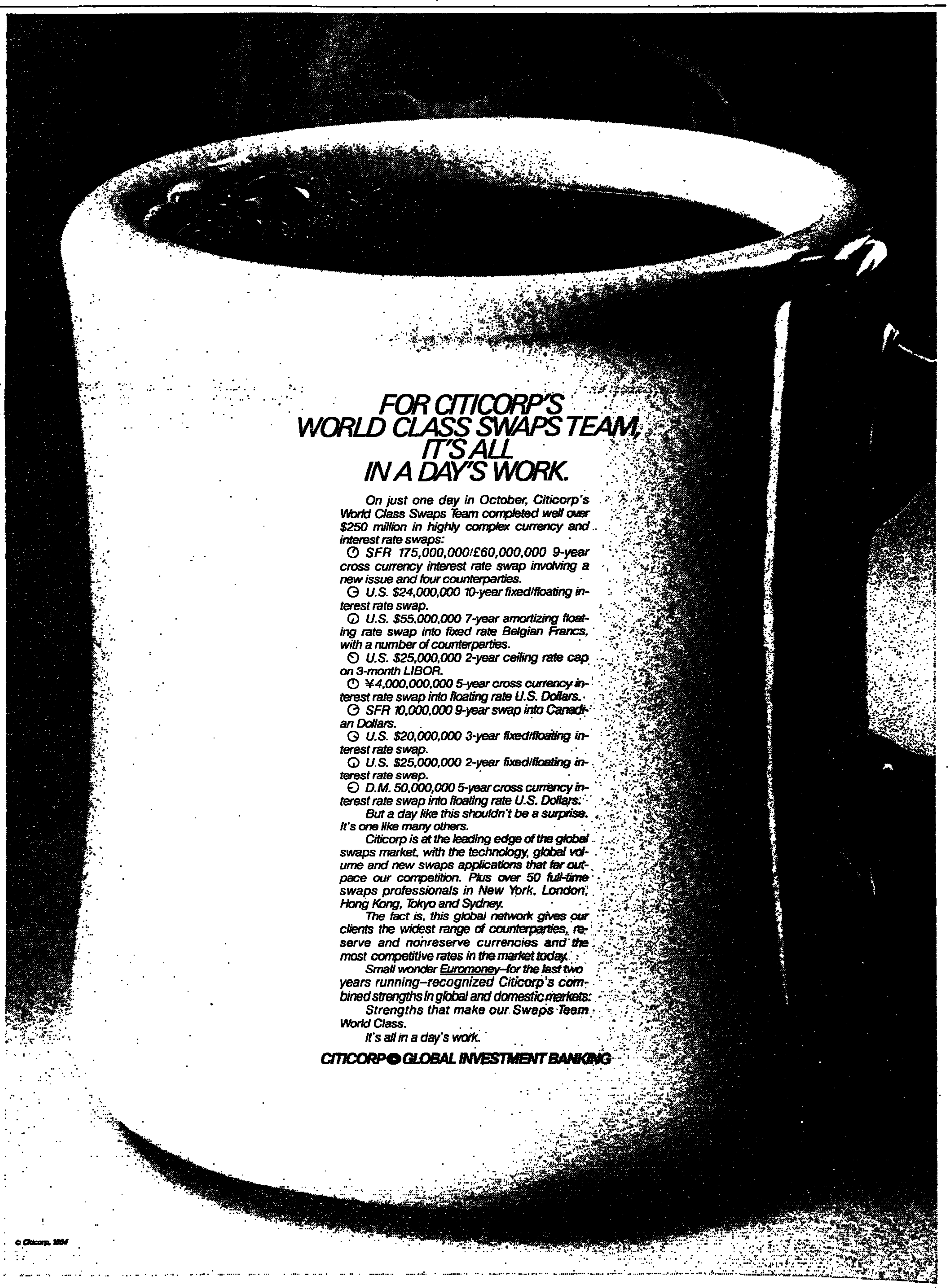
By Chris Sherwell in Singapore

CEREBOS PACIFIC, the Singapore-based Asian arm of Ranks Hovis McDougall of the UK, yesterday reported a 9 per cent rise in after-tax profits to S$16m (US$7.3m) for the year to July—despite a 4 per cent fall in turnover to S$152.2m.

The company, which manufactures Western-style drinks and sauces and has special lines in traditional Chinese tonics, said improved operating efficiences helped the profit figures. These more than compensated for the fall in sales, which was mainly due to lower exchange rates for the Australian and New Zealand currencies.

The figures show a 59 per cent fall in profits contributed by associated companies, from S$1.5m to S$610,000. Extraordinary profits are also clipped from last year's S$1.3m, but do not include 3m ringgit (US$1.2m) for a Malaysian land sale.

The directors propose a 10 cents a share dividend.



Sra Bellisario has the last laugh as Italtel's digital exchange plugs in

BY JAMES BUXTON IN ROME

EARLY THIS YEAR, Sra Marisa Bellisario looked a worried woman. Although the company she runs, Italtel, had confounded its own loss forecast to make a small profit in 1983, she was intensely worried that Italtel's principal new product, a second generation digital telephone exchange, would not be ready on time.

She had visibly to grit her teeth when she asserted last February that production and installation of the exchange, the Protel UT 10/3, would begin on schedule later in the year.

To add to her concerns, SIP, the state telephone utility which takes 75 per cent of Italtel's output, was going through a cash crisis and could order only three months ahead at a time. Sra Bellisario was having to authorise production of public switching equipment on the assumption that SIP would, in the end, order it.

Italtel was at that point engaged in a race against time to iron out snags in the software of the UT 10/3. Such problems are not uncommon with new digital exchanges, but for a time they made Sra Bellisario, probably the most senior, and certainly the most elegant, female executive in her field in the world, highly vulnerable.

For not only is Italtel a relatively young and small company trying to live down a chequered past, but it is also state-owned—which means that unsympathetic political forces may pounce at any whiff of trouble. And in Italy, Italtel has to compete with the Italian offshoots of two multinationals, L. M. Ericssen, the Swedish-based concern, and ITT, of the U.S., neither of which had any great desire to see the success of the UT 10/3.

Sra Bellisario accuses her rivals now, as she did in February, of having spread unkind gossip about the UT 10/3. But now she has the last laugh. The exchange works, and the first two examples have been installed for SIP. Indeed the exchange was accepted by the Italian authorities after that of Ericsson but ahead of that of GTE, the U.S. company, which is Italtel's partner in Italy, and was before that ITT's.

What is more Sra Bellisario was confirmed in the summer as managing director of Italtel for another three years, and not long ago announced profits for the first half of this year of L16bn ($8.3m). Italtel now expects to earn about L30bn in the full year on sales of L1,200bn ($625m). In 1983, it staged a L125bn recovery, to turn heavy losses into profits of L10bn.

To add to the relief, SIP finally obtained government permission for increased charges, and made an agreement with the Italian Ministry of Posts and Telecommunications which should ensure steady ordering of Italtel's products for several years. It helps that SIP, like Italtel, is part of the same holding company, the IRI-STET group.

Italtel is Italy's contender in the European public switching equipment industry—an industry in which 12 major companies are developing their own digital exchanges, mostly for domestic markets protected by nationalism and by different technical standards.

The European companies, though they do not like to admit it, are in a race for survival. Since the European markets are almost certainly too small to cover all development costs and export markets are limited. As if that did not make things difficult enough, Sra Bellisario has had many peculiarly Italian problems to deal with.

Italtel is not going it alone in making digital exchanges. Nearly three years ago it joined forces with GTE and with Telettra, the Fiat subsidiary, to build a range of digital exchanges for the 65 per cent of the Italian market which is reserved to it and for export. GTE designs and makes the exchange for medium-sized to large users, while Italtel's exchange meets the needs of the small to medium-sized users. More than half the hardware of the two exchange types is the same.

The three companies have already won orders worth $80m in overseas markets, where they operate under the name Italcom. Exchanges are to be supplied to Mozambique and Guatemala, with the help of concessionary financing from the Italian Government, and Italcom has also agreed a small contract to supply equipment to Albania, though some components may have to be changed so as not to fall foul of restrictions on western high technology sales to East European bloc countries.

Manufacturing digital exchanges requires only one fifth of the manpower and one tenth of the space that was needed for the old electro-mechanical types. As if that did not pose enough restructuring problems for the new management at Italtel, which took over under Sra Bellisario in 1981, Italtel's labour force had been grotesquely inflated in the 1970s.

Between 1968 and 1979, Italtel (then operating under the name SIT-Siemens) more

Sra Marisa Bellisario: Has had to deal with many peculiarly Italian problems

than trebled its workforce — from 8,000 to 30,000 even though demand was falling in the latter years as SIP cut back its orders. The Italtel plants became highly inefficient and were riddled with absenteeism.

Shedding labour is hard in any major company in Italy, but it is especially hard in the state sector. Yet by the end of this year, Italtel will have brought its payroll down to 20,000 people and by 1989, when electromechanical products will have been phased out altogether, it should employ only 15,000 to 16,000. This has been accomplished by offering early retirement, blocking turnover and transferring 1,600 employees to SIP.

Even so, Italtel is still obliged for political reasons to manufacture its exchanges in two plants—one in Milan and the other far away at Palermo, in Sicily.

How does Sra Bellisario, who began her career with Olivetti, intend to tackle the problem of there being too many European manufacturers of public switching equipment? "It's no good crying over spilt milk—the fact is that all these different manufacturers exist," she says. "What we can do is to try to make as many as possible of the components and modules of our product compatible with those of other companies, until we gradually work towards a common European system."

In October Italtel agreed with CIT-Alcatel of France to cooperate in developing common "user cards" and other parts of their existing exchanges. The "user card" is the part of the exchange which connects the subscriber to the exchange.

"It represents about half the hardware in an exchange, and about 20 per cent of the value of the exchange as a whole," says Sra Bellisario. "By the 1990s we should be co-operating on more aspects of the exchanges."

Sra Bellisario is hoping to conclude agreements similar to that of CIT-Alcatel with Plessey of the UK and Siemens of West Germany in the next few months. She also wants the Government to tackle the question of the different technical standards between European countries — the reduction of which could help the growth of Italtel's second biggest division, which makes telematic products such as private automatic business exchanges and electronic office equipment. In 1983 this division accounted for 17 per cent of turnover.

Critics question whether anything short of the breaking down of all national barriers in Europe to the importing of other countries' telephone exchanges will enable the Continent to have a successful and efficient public switching equipment industry. But Sra Bellisario prefers less violent change. "We certainly should have some deregulation in Europe, but not wild deregulation. We don't want to make a present of our market to the U.S. manufacturers."

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UK COMPANY NEWS

Electronics boosts GEC to £332m

General Electric Company's first half profits rose by over 16 per cent from £285m to £332m pre-tax, mainly reflecting an advance made by its main activity, electronic systems and components, and an increase in net interest receivable.

Electronic systems and components contributed £108m, against £86m, to the result and interest receivable rose from £56m to £84m, which included an £11m credit adjustment in respect of GEC's foreign currency holdings.

GEC, the fourth largest company in the UK and one of the world's biggest manufacturing businesses, had a turnover of £2.43bn (£2.22bn) over the six months to end-September 1984, excluding inter-group sales and associates.

Earnings per share rose by 10 per cent to 6.6p and the interim dividend is being raised from 1.15p to 1.35p. Last year a final of 2.3p was paid with the taxable profit result at £671m.

The company's cash mountain (bank deposits, short-term investments and net balances with bankers) stood at £1.64bn at the end of the period, a rise of £121m on the level shown six months previously.

Mr James Prior, chairman of GEC

GEC says that the first half profit increase was achieved despite lower returns from a number of businesses affected by a reduction in demand or by other adverse factors.

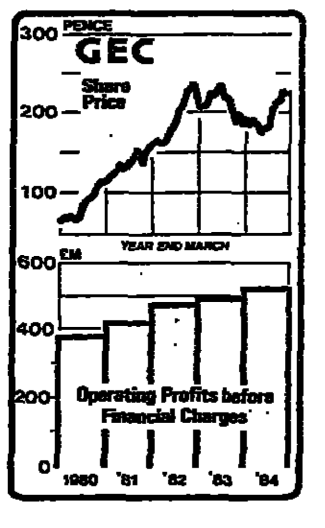
On a geographical basis, most of the increase stemmed from outside the UK. A breakdow of operating profits shows (in £m): UK £172 (£169); rest of Europe £17 (£10); Americas ££43 (£25); Australasia £5 (£7); Asia £5 (£6) and Africa unchanged at £1.

A divisional analysis shows (in £m): electronic systems and components £108 (£86); telecommunications and business systems £40 (£36); automation and control £19 (£22); medical equipment £14 (£13); power generation £26 (£23); electrical equipment £19 (£20); consumer products £11 (£12) and distribution and trading £6 (same).

Associate companies added £11m (£14m), but losses of £6m (£4m) were incurred by other activities — last year's figures included a £2m profit and a £1m loss respectively from associates and subsidiaries sold.

Tax took £24m more at £141m and minorities accounted for £9m (£4m).

The order book at the end of the interim period was 4 per cent higher than six months previously. Orders received were 13 per cent up on the comparable six months last year, with export orders up from £406m to £640m.



Exports from the UK amounted to £558m (£575m).

Mr Arthur Walsh, managing director of the Marconi Co, a subsidiary, was yesterday made a director of GEC.

See Lex

Polly Peck tops £50m and sees more growth

CONTINUED GROWTH by its agriculture, food and related industries division over the second six months enabled Polly Peck (Holdings) to lift its profits before tax by £20.56m to £50.55m for the full year to September 1 1984.

Second half profits rose by some £10m to £31.9m.

The division maintained the momentum of its rapid expansion in Turkey by investing in a number of new facilities and by substantially enlarging the local management organisation.

It also doubled its carton requirements and increased growth in the number of external orders.

At the same time the quality of fruit and vegetable production in Turkey and Northern Cyprus, the group's principal operating areas, continued to be good and the division's sales teams were successful in further expanding its markets.

Group turnover for the year advanced from £84.2m to £137.24m.

Polly Peck, chaired by Mr Asil Nadir, the Turkish businessman, is engaged in corrugated cartons and boxes, fruit packaging and ladies' clothing. It recently expanded into mineral water bottling and electronic products.

With earnings up from 26.4p to 43.7p per 0.5p share the final dividend is being lifted from an adjusted 1.9p to 2.5p which lifts the net total by 25 per cent to 3.5p.

The directors say, however, that bearing in mind the substantial fixed and working capital requirements their dividend policy must be conservative.

They tell shareholders that current trading in the established and new divisions of the group leads them to be confident of continued progress in the current year.

The first stage of the group's largest new project, the Vestel consumer electronics plant at Manisa, near Izmir, was completed during the year.

The directors expect that this project will make a "significant" contribution to the current year's results.

Following the successful completion of the group's merger with Wearwell, the group's figures contain a full year's contribution from its textile activities with pre-tax profits rising from £5.3m to £5.6m. Wearwell had another steady year of improvement.

Cornell Holdings, a subsidiary of Polly Peck and involved with the group in the Niksar mineral water bottling plant venture, incurred taxable losses of £92,761 in the year to September 1 (£278,228 for the period January 1, 1983 to September 3, 1983). These figures effectively covered head office costs.

Mr Asil Nadir, chairman of Polly Peck

The plant's first six months' results will be contained in Cornell's interim figures to March 2, 1985. The directors say the results will form a reasonable basis for an assessment of the value of Cornell and it would not be appropriate to submit proposals for the acquisition of the balance of Cornell shares until publication of its interim results.

The Inter-City Investment Group, owned 50.12 per cent by Wearwell, incurred a pre-tax loss of £325,000 for the eight months to August 31, 1984, against £807,000 for the year to December 31, 1983. The group is a wholesale distributor of clothing.

● comment

Once again a statement from Polly Peck raises as many questions as it answers. Certainly, there can be little quarrel with the bald figures, even though the 68 per cent increase in pretax profits fell short of some forecasts. Nor can there be much argument about the apparent strength of the established fruit and packaging business, which has been boosted by a doubling of carton manufacturing capacity. However, virtually no explanation is offered about a very modest increase in profits at the former Wearwell companies. But the biggest uncertainty—and the likely cause of a 15p fall in shares to 220p—concerns the prospects of the group's two much-heralded new ventures—the Vestel colour television and VCR factory and the mineral water plant owned jointly with Cornell. Polly Peck has reasons for the delays which have affected both schemes but the result is that shareholders who might have expected to see some benefits from these substantial investments in 1983-84 will have to wait. But then Polly Peck shareholders who have been prepared to wait in the past have not been proved wrong and the historic p/e is a mere 4.6.

Matthew Hall sets £14m target for year

Matthew Hall, the engineering designer and contractor, raised pre-tax profits from £9.68m to £10.54m for the nine months to September 30 1984, and the board says present indications are of a full year figure of around £14m. This would compare with the previous year's record £12.56m.

While competition and related margins remain keen throughout the world, the group has managed to obtain a reasonable share of available work. The board is raising the interim dividend from 1.275p to 1.35p net—last year's total was 7p per 25p share.

Turnover for the first nine months edged ahead from £269.82m to £271.2m. Trading profits rose by £0.69m to £6.99m, with oil, gas, chemical and mining up from £2.42m to £3.12m and the mechanical and electrical contribution little changed at £3.86m, against £3.88m.

The board reports that the mechanical and electrical sector has again produced good results both in the UK and Australia and has done well to match the previous years figures.

The oil, gas and chemical companies in the UK and Holland have achieved the group's expectations. However, the levels of activity in the U.S. and Asia-Pacific companies were disappointing in the first half of the year, but are now showing signs of improvement.

Mining operations in the U.S. have also shown a gradual improvement during the period.

Stated earnings per share increased from 11.62p to 15.03p.

● comment

The modest improvement in pretax profits belies the importance of developments at Matthew Hall this year. For in the U.S. the group has got to grips with its biggest problem of recent times—losses at Barnard and Burk, acquired in 1981—reducing the American deficit overall by 50 per cent on last year. Less dramatic but equally significant, is the continuing strength of the mechanical and electrical business in the UK and in Australia, maintaining profits after a very good 1983-84. Unfortunately, this progress has been partially offset by a £750,000 loss in the UK mining engineering business, caused by the NUM strike. But overall the group retains its reputation for enduring soundness—a virtue fully reflected in the shares, down 4p to 290p. Assuming full year profits of a little more than the company's £14m pre-tax forecast and a 50 per cent tax charge, the prospective multiple is about 14. At this level, shareholders cannot expect much action until the company's success in winning large orders in the UK offshore oil and gas industry is followed elsewhere, notably in the U.S. and the Far East. But that is as much a comment on the industries the company serves as on Matthew Hall.

RHM expands to £51m and well ahead this year

THE FIRST results from divestment and stringent rationalisation measures that have been taken over the last three years are reflected in the record 1983-1984 results of Ranks Hovis McDougall, the milling, bakery and animal feedstuffs group.

Pre-tax profits for the year to September 1 rose by £7m to £51.1m and external sales, excluding the divested agricultural division, increased from £1.15bn to £1.23bn. At the interim stage, the group reported a reduction in profits from £25.93m to £23.29m.

Mr P. W. J. Reynolds, the chairman, says that in the current year, profits to date are well ahead of 1983 and he expects the half-year results to confirm this improving trend. Further significant improvements are expected to show in 1985 and 1986.

Stated full year earnings per 25p share increased from 10.9p to 12.3p and the dividend total is lifted to 4.356p (3.974p) net with a final of 2.756p.

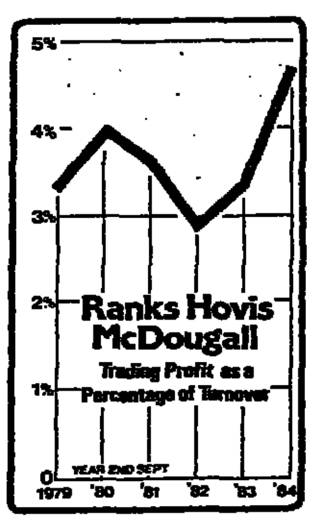
Mr Reynolds explains that the higher profits were attributable to a general improvement in the results of most parts of the group, with good increases from flour milling, packaged cake and grocery activities.

British Bakeries, despite a very competitive market place, reported a further significant reduction in its trading loss.

Trading profits in the U.S. were below those of the previous year, whereas profits in the Pacific region showed further improvement.

The group's continuing businesses raised trading profits by £7.4m to £57.2m. The agricultural division (sold with effect from September 3 1983) made £4.9m last year. The contribution from associates and other investments fell from £3.6m to £1.2m, but interest payable was virtually halved at £7.3m (£14.2m) mainly as a result of the agricultural disposal.

Attributable profits were ahead £6m at £24.7m, after tax of £14.4m (£12.4m), minorities of £2.1m (£1.1m) and extraordinary debits of £9.9m (£11.9m).



● comment

Yesterday's results indicate that RHM is reducing losses at British Bakeries at a slightly faster rate than the recent £2m a year. However, it is still too early to predict that this running sore will be healed by 1985-86; there is no certainty at all that the latest bread price rise will not be eaten up in discounts in a fiercely competitive business. The good result from milling is likely to get better in 1984-85 because of this year's excellent wheat harvest and higher average milling volumes from the full year inclusion of the old Spillers' contract. The past six months have been a turnround in the U.S. while the Pacific continues to grow. At 115p, a multiple of just over 9 does not look out of line.

Argyll advances £5.5m to £24m and plans more Presto openings

Argyll Group, the food and drink retailer headed by Mr James Gulliver, pushed first-half taxable profits up by £5.48m to £23.65m on turnover, excluding VAT, of £769.65m compared with £697.61m.

Most of the improvement in the six months to September 30 1984 was attributable to the food division which raised its operating profits from £14.45m to £19.45m, and Mr Gulliver says that Christmas trading should be satisfactory. Drink operations made £6.23m against £5.89m.

The group benefited from a reduction in interest charges from £2.39m to £1.65m.

Shareholders will receive a higher interim dividend of 2.1p (1.75p) net. Annual earnings per share are shown as 9.1p (7.7p), or 7.9p (6.1p) after a 35 per cent tax charge.

Mr Gulliver says Presto's operating profit grew by 50 per cent to £8.9m and net margins increased from 2.1 per cent to 2.6 per cent.

Since April, five new Presto Food Markets have opened, and a further three will open during the remainder of the current year.

In addition, the company now has at least 14 new food markets with a total sales area of 275,000 sq ft committed for the next year and Mr Gulliver is hopeful that this number will be exceeded.

Development of the new warehousing facilities for Presto and the other retail activities is proceeding as planned. Four of the proposed five new warehouse distribution centres will be operational in a year's time, with the fifth due to be completed by late 1986.

These new facilities in conjunction with the company's range, own label and new product development programmes, "should result in further significant margin and profit improvement for Presto," says Mr Gulliver.

He adds that Barton Brands is seeing an improvement in trading conditions and he is hopeful of a more satisfactory second half in the U.S.

For the group as a whole, he expects to achieve profit objectives for the year and continues to view prospects for sustained growth with confidence.

The integration of Amos Hinton is proceeding satisfactorily, and the company is beginning to obtain profit improvement benefits which were identified prior to its acquisition. No turnover or operating profit contribution from Hinton's has been included in the six months' results but Hinton's will contribute to the full year's results as from its effective date of acquisition of September 20.

Mr Gulliver is confident that the acquisition of Hinton's will not result in any earnings dilution in the current year and that it will contribute strongly to group profit next year.

● comment

A 30 per cent rise in taxable profits with a slight widening in operating margins to 3.3 per cent was rather better than the market had hoped from Argyll. Despite their steep climb since the Amos Hinton bid, the shares gained a further 7p to a new high of 237p; a 60 per cent gain over the past 12 months and proof that the City's earlier apprehension about the group's ability to manage its hectic acquisition-led growth is evaporating. Presto was the star performer in this interim period, turning a 22½ per cent sales increase into a 50 per cent profits gain, with margins being helped by a continuing shift towards higher added-value fresh produce. On a note of caution, more than half of Presto's turnover advance came from physical expansion, with just 3 per cent from underlying volume gains. And Bartons, with a 9 per cent decline in dollar profits, is proving a fly in the ointment as the group struggles to reverse U.S. consumers' shift away from brown spirits. Nevertheless something over £50m for the group this year looks in reach for the year, which puts the shares on a prospective multiple of 13.2—still at a discount to the sector which reflects a lower tax charge and the lower quality of earnings in Argyll's peripheral businesses.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Argyll Group	int.	2.1	Jan 21	1.75	—	5
Atkins Bros.	int.	1.35	Jan 21	1.35	—	5
Capital & Counties	int.	1.6	Jan 2	1.4	—	4.7
David Dixon	int.	2.5	Feb 8	2.22	—	4.5
Equity Consort	int.	3.5	Jan 18	3.15	—	10.33
FKI Electricals	int.	0.23	Jan 11	0.18*	—	0.39*
GEC	int.	1.35	March 29	1.15	—	3.45
Gee/Rosen‡	int.	0.5	Jan 18	—	—	—
Hambros	int.	20‖	Jan 10	15.25	—	58
Home Brewery		6.8	—	6.8	10.8	8.8
Leopold Joseph	int.	1.88	—	1.88	—	11.25
Leeds Group		3.25	—	3	5	4.5
Matthew Hall	int.	1.35	Jan 18	1.28	—	7
Mercury Selected	int.	35**	—	30	35	30
Polly Peck†		2.5	—	1.9¶	3.5	2.8¶
RHM		2.76	—	2.45	4.36	3.97
Robertson Res.	int.	1.2	—	—	—	—
R. W. Toothill	int.	3	Jan 18	3	—	7.5
Trafalgar House		5.3	Jan 23	4.5	10†	8.5
United Leasing	int.	1.4†	Jan 18	0.8	—	2.8
John Waddington	int.	12†	Feb 9	7.5	—	16

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ After adjusting for share subdivision. ‖ On £2 shares (50p paid). ** Gross throughout.

Company Notices

UK COMPANY NEWS

Trafalgar rises 43% on strength of oil and gas

THE FAST expanding oil and gas production side has provided Trafalgar House with £31.37m pre-interest profit in the year ended September 30 1984, and there are plans for further expenditure of £100m mainly in the North Sea, both on and offshore.

This contribution from the oil and gas side is the factor in an increase of 43 per cent in group pre-tax profit for the year, from £79.03m to £113.15m. Shareholders receive their promised dividend of 10p net, the final being 5.3p, against 8.5p. At the year-end their funds had surged by £66.3m to £327.5m.

Sir Nigel Broackes, the chairman, makes reference to the cross Channel link. He has high hopes that the group consortium will be the one chosen if the link goes ahead and is betting on a decision being made within three months.

"It is either going to start in the next calendar year or it is not going to happen this century. That is my judgement," he declares.

In 1983-84 the group spent £80m on oil and gas interests. It bought some 1 per cent share in the Forties Field and also acquired Candecca Resources and with it a further one half per cent in Forties. The prime attraction in Candecca is its very large, and mainly unexplored, UK offshore acreage from which revenues over the years should increase as Forties income gradually declines.

As well as the North Sea, Sir Nigel says Trafalgar is looking to invest in further production reserves in the U.S. either by buying existing companies or adding further acreage.

Over the next two years he predicts that the profit mix between the group's four main divisions is likely to be similar to last year. But within five years it is "very likely that oil and gas will be substantially more important."

The current year is nine weeks old and the group is on target. "There is nothing unexpected in either direction," he tells shareholders.

In the year 1983-84 turnover moved up from £1.34bn to £1.61bn, and profit was £124.59m, against £89.19m, before charging interest and finance costs of £11.44m (£10.16m). Shipping, aviation and hotels accounted for £15.76m (£17.65m) with the passenger shipping operations having a moderate year and cargo operations a difficult one.

For the current year Sir Nigel says the passenger side is expected to improve but there is no sign of upturn for the cargo side. Trafalgar is still looking with P & O at the possibility of some restructuring of container interests in this country and possible cost savings on passenger shipping operations.

But talks are still "at a very early stage," Sir Nigel stresses. He expects a report on what possible benefits could result next month.

The property and investment side, which now includes housebuilding, provided £29.59m to profit (£23.99m). The acquisition of Comben in July has taken Trafalgar up to fifth place in the UK housebuilding league. Over the current year its target is to build more than 4,000 homes, the chairman says.

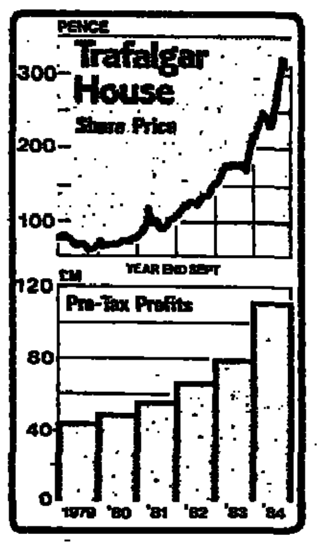
New Ideal Homes had 1,800 completions over the past year and the three months contribution from Comben brought in 600. "Housing had a good year and is going to have another one."

Contracting and engineering maintained its contribution to profits with £47.87m (£47.55m).

After tax £28.29m (£18.23m) and minorities £1.13m (£1.08m), the net profit came to £83.74m (£59.73m), for earnings of 30.9p (24.6p) per share. There is extraordinary income £10.56m (£5.31m), less extraordinary charges £10.55m (£9.63m), preference dividend £80,000 (same), and employee's profit sharing scheme £2.15m (£523,000), leaving the available profit at £81.52m (£54.8m) or 30.1p (22.6p) per share. The ordinary dividend absorbs £28.31m (£20.57m).

The extraordinary credit represents the profit on the sale of the group's stake in P&O, while the extraordinary charge reflects write downs by Trafalgar on its six fruit carriers.

See Lex



PHH debut may signal start of U.S. influx

By William Dawkins

PHH Group, a provider of car fleet management and corporate relocation services, is among the first in a cavalcade of U.S. companies expected to join the London stock market before the year is out.

Extel Statistical Services reports that "well over 20" American groups have ordered Extel cards—financial summaries required by the Stock Exchange—in preparation for a UK quotation for their shares before the end of the year. It is believed that most of them have timed their UK flotations to beat the introduction of more costly and onerous listing requirements by the European Community as from next January 1.

Mr Jerome Geckle, PHH's chairman, said the new EEC regulations were a determining factor behind the timing of the UK flotation. Dealings are expected to commence today.

More importantly, he pointed out that 10-12 per cent of PHH's equity, which is currently valued at about $380m (£317m) on the New York Stock Exchange, is already held by British shareholders and that the group plans to double or treble the size of its UK operations within the next few years. PHH is not raising any new equity capital.

Last month, PHH reported that net income had risen by 11 per cent to $19.3m in the first six months to October on revenues up by 15 per cent to $304m. Roughly 10 per cent of turnover derives from the UK, where PHH has been established since 1972, and Mr Geckle aims ultimately to increase that proportion to 25 per cent.

Bids & deals and more company news on Pages 26, 27

United Leasing passes £2m

A £753,000 lift in first half pre-tax profits has been achieved by United Leasing, which is involved in computers, and the company is confident that its "exciting growth and development" will continue to please shareholders.

The second half has started strongly, says the chairman, Mr Parry Mitchell, and is expected to contribute the bulk of the year's profits following the pattern recently experienced. Profit for the six months ended September 30 1984 was £2.05m (£1.29m), while the second half of last year produced £2.41m. The current interim dividend is raised from 0.8p to 1.4p net—the 1983-84 final was 2p—United Leasing has close company status.

Mr Mitchell says that in the UK the group "has clearly established itself" as one of the major distributors of computers and related products, and a few months ago entered the micro-computer business with the purchase of Sumlock Bondain.

In America, the Unilease Computer subsidiary has continued to make a major impact in that market place. September was very successful, and the business being done will result in a significantly increased profit contribution during the second half. The German company is fulfilling expectations and has made a "commendable contribution" to profits in the period.

The chairman says the group is widening its activities and has become a major international supplier of products for use in a high-tech environment. It has invested heavily in recruitment of personnel with the requisite expertise.

Turnover in the half year moved ahead from £17.71m to £29.4m, but costs and expenses shot up to £27.37m (£16.42m). Figures have been adjusted to treat Sumlock Bondain on a merger basis. Earnings are shown at 11p (8.2p) per share after tax £335,000 (£116,000 adjusted for deferred tax) and minorities £127,000 (£115,000).

In the large IBM system area United Leasing continues to be one of the leading independent lessors of IBM equipment, says the chairman. The new company, United Sumlock, will merge Sumlock's technical competence with the existing marketing abilities, and give a much more powerful entity in this fast growing business.

FKI up 60% and confident

WITH BOTH turnover and pre-tax profits showing midway increases approaching 60 per cent, Mr Tony Gartland, the chairman of FKI Electricals, confidently expects the group to have another record year.

The figures for the 27-week period to October 5 1984 disclose profits before tax up from £951,000 to £1.51m on turnover which rose by over £1m to £8.32m (£5.28m) for 26 weeks. The last full period saw profits rise for the 11th successive year to reach £2.26m on sales totalling £10.7m. The group is an electrical and electronic engineer.

With stated earnings per share rising from an adjusted 1.21p to 1.59, the directors have declared an effective increase of 0.045p in the interim dividend to 0.225p net per 10p share. The total last time was 0.386p, adjusted for a scrip issue.

The tax charge for the period under review was £191,000 (nil), and pre-acquisition losses took £145,000 (nil). After extraordinary items accounted for £65,000 (£37,000), the attributable balance was £1.11m (£914,000).

Rex Williams looks for £0.9m from USM placing

BY WILLIAM DAWKINS

Rex Williams Leisure, a West Midlands operator of snooker and pool tables and maker of coin-operated pool tables, yesterday announced details of its quotation on the USM.

Stockbrokers Margetts & Addenbrooke are placing 4.96m shares, 35 per cent of the enlarged equity, at 20p each. That includes 1.92m new shares to raise £274,000 after expenses for the company. The directors are selling the balance of just over 3m shares, valued at £605,000 at the placing price.

Rex Williams's customers include national, local and independent brewers as well as free trade outlets. Revenue derives from a share of the tables' operating income or from hire charges.

By the end of last month, the group had 1,091 tables on site in the north, Midlands and South Wales, controlled from three regional offices. Losses rose from £7,000 to £51,000 in the year to November 1980, largely attributable to an increase in VAT charges. The group made a £92,000 taxable profits in 1981, slipping to £87,000 in the following year, but recovering to £91,000 in 1983.

The directors estimate that taxable profits reached about £165,000 in the year to last month, which puts the placing price on an unrelated multiple of 10.93 after a full tax charge. A 30 per cent tax rate is anticipated in the current year.

A 0.91p net dividend is forecast for the current year to next November, which gives a 6.5 per cent yield, covered 2.01 times by historic estimated earnings. Rex Williams is capitalised at £1.8m at the placing price. Dealings are expected to commence on December 11.

Hambros little changed at interim stage

The banking ad non-banking results of Hambros for the half year to September 30, 1984 were broadly in line with the comparable period in the previous year.

Non-banking activities were adversely affected by continuing losses in Hambros Gas and Oil Inc.

The interim dividend on the £2 shares (50p old) is being stepped up from 15.25p to 20p net, the increase being primarily to reduce disparity between the interim and final.

The group's remaining investment in Hambro Life Assurance was sold to Charterhouse J. Rothschild earlier in the year. The net profit after tax of £71.3m will be treated as an extraordinary item for the year.

Hellenic & General Trust, a Hambro subsidiary, returned pre-tax profits of £589,000 (£667,000) for the six months to end-September 1984.

BIDS AND DEALS

Waddington's shares rise 23p above BPCC's offer

BY CHARLES BATCHELOR

John Waddington, the printing packaging and games group which is fighting off a £44.2m takeover bid from Mr Robert Maxwell's **British Printing and Communication Corporation** (BPCC), yesterday launched a strong attack on the financial strength of Mr Maxwell's businesses.

Waddington, makers of Monopoly and Cluedo, also published unaudited results for the six months to September 29 1984, which showed pre-tax profits had risen 85 per cent to £3.01m and earnings per share 50 per cent higher at 32.3p.

The company is paying an interim dividend of 12p (7.5p) and plans to recommend a final dividend of not less than 12p, making a total of at least 24p compared with 16p last year.

These figures helped Waddington's shares climb 23p to 528p, their highest level for more than a week and comfortably above the 500p level of BPCC's cash offer. BPCC's shares fell 3p to 168p.

Mr Victor Watson, Waddington's chairman, and the board attacked BPCC's claim that the "substantial resources" of its parent company, Pergamon group, would be available to Waddington if the bid succeeded.

BPCC had indebtedness of £86.3m at November 5, only slightly less than at December 31 1983, despite the disguised rights issue carried out in the form of the acquisition of Bishopsgate Trust with net assets of £49m, and the subsequent sale of its investment portfolios for £45m.

If the bid was successful then BPCC's debt would represent some 115 per cent of its shareholders funds, Waddington added.

It also calculated Pergamon Group's net assets, excluding BPCC, as worth only £15m at December 31 1983. Since then, Waddington said, BPCC had made acquisitions costing £115m, most of them settled in cash.

"Pergamon's substance therefore looks considerably more slender than BPCC's," Waddington said and added that "if the BPCC offers were to succeed it is probable that Waddington's would have to fight for a share of the ever more thinly spread resources of the Pergamon Group."

The company said it feared that it might be dismembered and that management morale could collapse.

Mr Maxwell dismissed the Waddington comments as irrelevant and said Waddington shareholders should ask themselves what their share price would be if the bid were defeated.

Palma to close sock-making subsidiary

BY ALEXANDER NICOLL

Palma Group, formed late last year through the merger of two Leicester knitwear manufacturers, is to close a sock-making subsidiary with the loss of 160 jobs.

Trading losses and closure costs of the subsidiary, **Five Ways Manufacturing**, will be taken as a write-off and will result in a pre-tax loss for Palma in the year ending December 31, 1984. In 1983, it had a trading profit of £507,000 on turnover of £21.5m.

Despite the 1984 loss, Palma plans to pay a 2p net dividend. It said all its subsidiaries will be trading profitably after the closure and it is confident of satisfactory profits in 1985.

Five Ways was part of the loss-making Montfort Group, acquired through a reverse takeover by Palma, then a private company.

Mr Peter Bailey, Palma chairman, said yesterday that Five Ways had lacked management and investment. Strenuous efforts had been made to reverse its losses, but: "We reached the decision that to continue with it any longer would be too debilitating and too diverting."

Arenson in profit and selling loss-maker

By Alexander Nicoll

Arenson Group, office furniture manufacturer, yesterday reported a return to profit and disclosed that it was negotiating the sale of a loss-making bedroom furniture subsidiary.

Although the group had pre-tax profits of £360,000 in the year ended July 31 against a year-ago loss of £644,000, the Roomsets bedroom subsidiary had a loss of £95,000.

Arenson is buying for a nominal sum the 24 per cent stake in Roomsets still held by Mr Peter Kaye and Mr Charles Walford, who were appointed to the Arenson board last year when the company entered the bedroom furniture business. The two men are resigning as Arenson directors, receiving £15,000 each in cash, and selling the 6.4 per cent stake they each hold in the company.

Their holdings, together with shares held by associates, have been acquired at 25p each by Mr Archy Arenson, the chairman, Mr John Sacks, another director, and the company's pension fund. Mr Arenson's interest in the company is now 18.99 per cent and Mr Sacks' 6.5 per cent.

Mr Arenson said yesterday that the Roomsets marketing concept — involving customisation and installation of furniture —had misfired and that the group was focusing on its office business.

Arenson is still paying no dividend but said its borrowings had been cut by £1.45m to £3.61m and stocks at cost by £0.77m to £4.89m. Turnover fell slightly to £15.1m from £15.76m, but the manufacture of office furniture and equipment showed an 18 per cent rise.

Profit after tax was at £350,000 *against a loss in the previous* year of £1.52m after a £859,000 extraordinary charge in that year. Undiluted earnings per share were 2.81p (loss 7.23p) and fully diluted 2.76p (loss 5.72p).

Former Asda chief withdraws from Cullen's auction

BY ALEXANDER NICOLL

MR JOHN FLETCHER, former Asda stores chief, yesterday pulled out of the bidding for Cullen's Stores and held talks with the two consortia left in the auction.

A decision to commit his Cullen's shares—10 per cent of the voting equity and 20 per cent of the non-voting—would virtually ensure victory for either of the two rivals: a team of three former Imperial Group executives led by Mr Peter Matthews, and a company formed by Mr Lew Cartier and Mr David Cullen. Each commands over a third of Cullen's voting equity.

Cullen's share prices dropped yesterday after the withdrawal of Mr Fletcher's offer, which was the lowest of the three after successive increases by the competing bidders. The voting shares lost 25p to 480p and the non-voting 20p to 350p.

Mr Cartier, a former supermarkets chief who has teamed up with Mr David Cullen, a former director of the grocery and off-licence chain, is offering a 460p cash alternative for the voting shares and 345p for the non-voting.

Mr Matthews' team is offering 440p and 340p respectively. They plan to turn Cullen's into a chain of convenience stores, while Mr Cartier wants to develop a supermarket chain based on the 10 largest stores in the Cullen's group, as well as a chain of off-licences.

Mr Fletcher's advisers, Charterhouse Japhet, were yesterday giving no indication of how long it would take for a decision to come on his holding. But all sides have recognised the need for a swift resolution of the auction because of Cullen's rapidly deteriorating financial position.

Advisers in talks over final bid for East Lancs

BY ALEXANDER NICOLL

ADVISERS to **British Syphon Industries** and **East Lancashire Paper Group** were holding talks yesterday on the £5.45m final bid made by BSI for the paper group last week.

East Lancs had resisted the bid from BSI, a drinks dispensing equipment maker headed by Mr Bryan Morrall, when it was first made and then increased. But it has so far made no public response to the second and third increases in the offer, both announced last week.

A joint statement yesterday said that the talks between Barclays Merchant Bank for East Lancs and the English Association for BSI, may lead to a recommendation of the offer by East Lancs to its shareholders.

G. M. Firth, a diversified holding company headed by Mr Ian Wasserman, has built up a 13.3 per cent stake in East Lancs through market purchases. Another mystery party approached East Lancs last week but talks on a possible offer came to nothing.

BSI is offering six of its own shares, which ended unchanged yesterday at 84p, for five East Lancs, valuing each East Lancs share at 101p, the same as yesterday's closing price. There is a 100p cash alternative as well as a loan note option.

BIDS AND DEALS IN BRIEF

D. J. Lewis, a director of **Hampton Trust**, purchased 15,000 shares, bringing his beneficial interest to 1,736,922 (6.6 per cent), and J. N. Davis, also a director, bought 5,000 shares, increasing his beneficial interest to 341,000 (1.3 per cent). Molyneux Securities (Cambridge), a company controlled by the family interests of the aforementioned, purchased 30,000 shares, bringing their joint beneficial interest to 4,555,000 shares (17.34 per cent).

* * *

Yelverton Investments has purchased 125,000 **Southend Stadium** ordinary shares, and with its associate holds 1.33m shares (36 per cent) of the ordinary and 25.7 per cent of voting.

* * *

The Mutual Shares Corporation acquired 100,000 shares in **Winterbottom Energy Trust**, altering total holding to 1,225,000 shares (5.10 per cent).

* * *

British Rail Pensions Trustee Company, in its role as trustee to various railway pension funds, now holds a total of 23,464,962 ordinary shares in **Sterling Guarantee Trust**.

* * *

Crown International Productions has disposed of 276,000 shares in **MME Facilities** and now holds 20 per cent of the capital. **Enterprise Television** has acquired a further 235,000 shares and holds 29.7 per cent.

* * *

John Sissmore and Co has increased its holding to a total of 91,890 ordinary of **Moran Tea Holdings**. This represents 26.27 per cent.

* * *

BET has made an offer to acquire the publicly-held minority in its smallest investment trust subsidiary—the **National Electric Construction**—by a scheme of arrangements. The offer values the minority at £157,000.

BET already owns all the ordinary shares and 68.6 per cent of the 5 per cent (now 3.5 per cent plus tax credit) cumulative redeemable preference shares and is to offer 90p per share for the remainder.

* * *

Scottish Offshore, the equity investment fund managed by James Finlay Corporation, sold its entire shareholding in **Ramco** (20 per cent) in order to satisfy the cash requirements of the fund. The shares have been placed with clients of Grieg Middleton & Co and Rowe & Pitman.

* * *

As a result of the changes in the rate of capital allowances and corporation tax, announced in the Finance Act, the board of **Scottish Metropolitan Property** has decided not to write any new leases of equipment to third parties.

Since the publication of the accounts, negotiations have been entered into and now concluded for the sale of the leasing subsidiary for a cash sum of £3.25m.

This represents the aggregate present value of lease rentals receivable and which, after adjusting for the deferred tax provision of approximately £2m no longer required for this purpose, results in £3.25m of additional working capital being released for the expansion of the property portfolio and adds around £0.5m to net assets.

* * *

ICI New Zealand has purchased the 30 per cent stake in **UPEC Industries** previously held by **IMI** for an undisclosed cash sum. The acquisition gives ICI New Zealand 100 per cent of UPEC Industries, a manufacturer of plastic pipe and film.

* * *

London and Continental Advertising Holdings has received acceptances to its recommended cash offer for **Bedford Poster Service** in respect of 20,415 ordinary shares (95 per cent) and 2,020 preference shares (94 per cent).

The offer has been declared unconditional and, although the company is in a position to acquire compulsorily the outstanding shares, it has extended the offer until December 17 to give the remaining shareholders the opportunity to accept.

The total cash consideration, assuming the cash offer is accepted in full, will be £215,900.

* * *

Ushborne and Son (London) has increased its holding in **Feedex Agricultural Industries** to 3.47m shares (25.07 per cent).

MINING NEWS

Geevor slumps but holds interim

BY GEORGE MILLING STANLEY

NET PROFITS of the Cornish tin producer Geevor Tin Mines for the half-year to September 30 showed a sharp decline, but the interim dividend has been maintained at 4p per share.

Pre-tax profits of £324,000, down from £601,000 in the first half of last year, were hit by increased operating costs and higher charges for depreciation and exploration.

Depreciation rose from £284,000 to £330,000, and the company's exploration spending jumped from £13,000 to £57,000, with the bulk of the funds spent on the continuing programme on the mine's No. 6 level (the Great Wheal Carne project) and the offshore spectrometric survey which is being carried out in conjunction with the British Geological Survey.

The tax charge was also well up on the figure for the corresponding period of last year at £146,000 against £80,000, although Mr K. A. Gilbert, Geevor's managing director, said yesterday that the figure for last year had been adjusted in line with certain tax credits which were not known until the end of the financial year. Mr Gilbert said it was too early to predict whether there would be a similar adjustment to the figure for the whole of this year.

This left net profits at £178,000, down from £521,000 last time, giving earnings of 6p per share compared with 17.5p.

Mr Gilbert added that the company was unable to derive the benefit of the rise in the tin price in sterling terms, which was consequent on the fall in the pound, because of the policy of forward sales.

Nevertheless, Geevor intends to continue with the policy, *believing that as a small mining* company it must protect itself against any substantial fall in the tin price, even at the cost of not benefiting fully from any increases.

Mr Gilbert said that at the end of the period, a further 760 tonnes of tin had been sold forward for settlement over the following 10 months at an average price of £9,090 per tonne. This is around £800 per tonne less than the current cash price.

The rise in operating costs was exacerbated by considerably higher charges for the treatment of Geevor's production of concentrates. Mr Gilbert pointed out that there had been an increase of something like £100 per tonne in smelting charges over the past 12 months.

Charges were also adversely affected by a decline in the grade of the company's concentrates.

The shares fell 10p to 205p in London after the announcement.

25% of black workforce on strike at Rietspruit

ALMOST HALF of the black workforce due to go on shift yesterday morning at the Rietspruit open cast colliery in *South Africa's Transvaal region* came out on strike in support of a long-standing wage dispute, reports **Jim Jones** in **Johannesburg**. Some 250 of the 585 men due to start work were affected.

Rietspruit, a jointly-owned venture between Shell South Africa and Transvaal Consolidated Land and Exploration (the mining arm of the Barlow Rand Group) employs a total of 1,000 black workers. The mine exports 5m tonnes of coal a year.

The dispute has its roots in the annual round of wage negotiations in June, when the emerging black National Union of Mineworkers demanded an effective 40 per cent increase in the package of wages and benefits.

The management countered this with an offer of an increase of 11.3 per cent, and the dispute was referred to a conciliation board, which failed to settle the differences between the two sides. The NUM declared a formal dispute with Rietspruit on September 10, and followed this with a strike ballot on September 25, when almost 80 per cent of the workforce voted in favour of strike action in support of the wage claim.

Rietspruit's management said yesterday that production had not been affected by the strike, and added that it had no intention of increasing its last pay offer.

The black union, which is at present playing host to representatives of the British National Union of Mineworkers, has accused the management of being "unyielding," and warned that protracted strike action will occur if necessary to support the wage claim.

Unlike those employed by the bulk of other mines in South Africa, Rietspruit's workers are not migrant labourers, but are housed permanently with their families on the mine property. According to the management, wages levels at Rietspruit are significantly higher than at other comparable collieries.

Nonoc repairs

Repairs at the nickelmine and refinery of **Nonoc Mining and Industrial** at Mindanao Island in the southern Philippines have been completed following the damage caused by a typhoon in September, reports **Leo Gonzaga from Manila**.

* * *

Chloride Group has reached agreement whereby it will take over full ownership of Chloride Holdings of South Africa over a period not exceeding seven years for a total of R13.5m, payable in stages.

The joint owner is **Haggie**, whose consideration will equate to the net asset value of its 49.99 per cent stake. Chloride will immediately take full management control, but Haggie will still be represented on the board.

UK COMPANY NEWS

Decrease at Atkins Brothers

Atkins Brothers (Hosiery) rose from £5.76m to £6.31m in the six months to September 30 1984 pre-tax profits slipped to £96,000, against £106,000.

After tax of £38,000 (£30,000) earnings per 25p share fell from 2.05p to 1.47p. The net interim dividend is unchanged at 1.35p.

The second half of the year normally sees trading operating at a higher level in the company's textile business. This also applies to the newly acquired textile products. However, second-half results this time will largely depend on how successful Atkins' retail customers find business in the pre-Christmas period.

Half year pre-tax figures included £40,615 from the newly acquired Textlite UK.

The company encountered difficult trading conditions in its textile business where it experienced a lower level of despatches than planned, due to the long hot summer. It also suffered from further pressure on margins.

David Dixon up sharply and sees 'substantial increase' for year

AN UPSURGE in pre-tax profits from £107,000 to £361,000 has been shown by **David Dixon Group** for the 26 weeks to September 29 1984 and Mr Harry Turpin, chairman, is confident that profits for the year will show "a substantial increase."

The rest of the year "looks good," says Mr Turpin, and orders are at a high level. Sales in October were a record for the group.

The net interim dividend is lifted from 2.22p to 2.5p. In the last full year a total of 4.5p was paid from pre-tax profits of £181,000 (losses £424,000). First-half earnings per 25p share are shown as increasing from 4.52p to 15.14p.

Turnover of this Leeds-based clothing manufacturer came to £7.48m against £7.43m—Mr Turpin points out that net margins have increased from 1.4 per cent to 4.8 per cent.

Mr Turpin says that the main reason for the profit upsurge is the "tremendous progress" made at Tudsbury as a result of measures taken and, as outlined in the review in the 1984 accounts, profits at this subsidiary are an "all-time record" and it is expected that this will be the case at the year end.

Profits in the other manufacturing subsidiaries did not come up to expectations. E. W. Thomson's profits were subject to an exceptional charge for consultancy work. Deacon & Smith sales were down due to lack of demand in the children's sock market.

S. Mayers is in the throes of reorganisation. The second half should see these problems overcome and Mr Turpin confidently expects a "very much improved performance."

Dadon International, importing company, was profitable, but timing differences in sales and a weak pound lowered the contribution, here again the second half should be much better.

At the operating level, profits moved up from £281,000 to £538,000 from which interest payments took £177,000 (£174,000).

BOARD MEETINGS

TODAY

Interims: John Brown, Brunning, C.H. Industrials, Coalite, Morgan Communications, Pegler-Hattersley, Rowlinson Securities.

Finals: Avon Rubber, C. H. Bailey, Barranquilla Investments, J. A. Devenish, Grainger Trust, Granada, Keystone Investment, Pericom, Windsor Securities.

FUTURE DATES

Interims—

Alphameric	Dec 11
British Steam Specialties	Dec 13
Brown (Nathan) Investments	Dec 10
DBE Technology	Dec 11
Great Universal Stores	Dec 6
Marling Industries	Dec 10
Nesco Investments	Dec 14
Phoenix Timber	Dec 14
Platon International	Dec 12
Wagon Industrial	Dec 6
Wight Collins Rutherford Scott	Dec 11

Finals—

City Site Estates	Dec 10
Dubilier	†Dec 10
F.U.G.I.T.	Dec 6
Hunslet (Hldgs.)	Dec 7
Plaxtons (GB)	Dec 11

† Amended.

Leeds Group profit and dividend up

The **Leeds Group** of textile processors has raised its profit from £1.24m to £1.42m in the year ended September 30 1984, from a turnover £1.56m higher at £10.53m. The final dividend is 3.25p for a net total of 5p, against 4.5p.

Benefits are continuing to come from the export-led success of the wool industry, the directors say. Increased capacity is planned for the current year to take advantage of buoyant demand.

Further investment has been made in the leasing and insurance companies which are both expected to contribute to profits this year. Leeds Energy is receiving a regular, if modest, revenue from America and continues to participate in a number of oil and gas joint ventures where experience to date has been "encouraging."

There is an extraordinary charge of £1.99m, including £679,000, net of tax, provision against the balance sheet value of certain Leeds Energy American assets.

COMPANY NEWS IN BRIEF

Lowland Investment Company, an investment trust managed by Henderson Administration, yesterday placed £2m of debenture stock 2010 at £98.013 per cent.

The stock will bear a 11¼ per cent annual interest rate payable on January 1 and July 1, with the first interim payment to be made next July. That payment will amount to £6.257 (less income tax) per £100 nominal of stock and be for the period from December 10 to July 1 1985. The stock will be redeemed at par, together with accrued interest on July 1 2010.

* * *

The interest rate for this week's issue of local authority bonds is 10 per cent, down 1/16 of a percentage point from last week, and compares with 9¾ per cent a year ago. The bonds are issued at par and are redeemable on December 12 1985.

A full list of issues will be published in tomorrow's edition.

* * *

First half pre-tax profits of the **Gee/Rosen Organisation** fell by £21,000 to £85,000, but with increased levels of trading and profitability looked for in the second six months the directors anticipate that profits for the full year to March 1985 will exceed last year's £283,000.

The wholesale forward order book for delivery before year-end is about double the value at this time last year. The group, which came to the USM earlier this year, manufactures men's clothing. The interim dividend is the forecast 0.5p net.

* * *

Pre-tax profits of unquoted brewer, **Daniel Thwaites**, were virtually unchanged at £2.4m for the half year to September 30 1984, against £2.38m last time. Turnover rose from £17.34m to £18.82m.

After-tax profits, however, dropped from £1.91m to £1.68m giving earnings per £1 share of 31.9p (£36.2p). The interim dividend is maintained at 1.1p.

* * *

Pre-tax profits of **FMC**, the meat concern wholly-owned by Hillsdown Holdings reached £540,000 on a turnover £217.32m in the 26 weeks ended June 30 1984.

The figures compare with £104,000 and £200.32m respectively or the 24 weeks' to October 15 1983.

Group trading profits amounted to £1.01m (£773,000). Pre-tax figures were after taking account of interest charges of £498,000 (£741,000) and related companies profits of £28,000 (£72,000).

* * *

Avesco, a Wandsworth-based maker of electronic devices for converting television signal standards, is taking an unusual step for a UK company by seeking a quotation on the Dutch parallel market.

The company, which was incorporated last February, exports 65 per cent of its production to 28 countries in six continents, and is planning to build up its overseas sales further.

* * *

Home Brewery's taxable profits fell from £6.36m to £5.89m over the year to end-September 1984 on higher turnover of £51.62m against £47.49m.

Corporation tax took £2.3m (£3.38m) and there was a £100,000 (£193,000) provision for previous years and an extraordinary deferred tax adjustment this time of £2.1m.

The final on the 25p ordinary and "S" shares is 6.8p, making a total of 10.8p (8.8p). Home Brewery has close company status.

APPOINTMENTS

New chief for ITT in UK

Mr Michael L. Hepher, chairman and managing director of ITT Corporation's Abbey Life Assurance Co, has been named ITT senior officer for the UK. Mr Hepher replaces Sir Kenneth Corfield, chairman of Standard Telephones and Cables, an affiliate in which ITT has reduced its ownership to about 25 per cent. He will continue to head Abbey Life, ITT's principal insurance subsidiary in the UK.

*

The BRITISH FOUNDRY ASSOCIATION has elected as chairman, **Mr S. Heginbotham**, managing director of William Lee, a subsidiary of Tarmac. **Mr D. Smith**, managing director of Robert Taylor & Co (Ironfounders) was elected deputy chairman.

*

COIN INDUSTRIES has formed a new subsidiary, Dynamics Marketing to develop and market the group's consumer products. **Mr Stuart Kitson** has been appointed managing director of the new company and **Mr M. A. Schuler**, group financial director, and **Mr R. A. Whipp**, joins its board. **Mr Alan Barker** and **Mr Craig Mochrie** have joined the board of Coin Controls as marketing and production directors respectively and **Mr R. A. Whipp** has also been appointed a director of Salford Automatics and Sheffield Automatics.

*

Mr C. R. Derick Tatham has been appointed technical director to the Office of Telecommunications (OFTEL). He was head of the advanced technology division of the Central Computer and Telecommunication Agency.

*

The Trade Secretary for Industry, has reappointed **Mr Geoffrey Williams** as chairman of the NATIONAL FILM FINANCE CORPORATION for a further period of 14 months from November 1 1984. He has also reappointed **Mr Barry Norman** and **Mr David Puttnam** as members of the board for 15 months from October 1. Mr Williams is deputy chairman of J. Henry Schroder Wagg and a director of Bass and of John Brown.

*

Board changes have been made at companies in the construction division of TRAFALGAR HOUSE.

Mr Alan W. Ure becomes deputy managing director of Trollope & Colls Holdings. He was managing director of Trollope & Colls. **Mr Colin E. Mansfield**, formerly managing director of Trollope & Colls Management has been appointed managing director of Trollope & Colls, and deputy chairman of Trollope & Colls Management, and Cementation Projects. **Mr Alan L. Runnicles** has been promoted from director to managing director of Trollope & Colls Management and Cementation Projects.

*

Mr David S. Dannhauser has been appointed managing director of the Anderson Construction Co, and Firmin & Collins. He was finance director of YAY Holdings.

*

Mr Ray L. Cross has been appointed senior manager, treasury division at CREDITANSTALT-BANKVEREIN, London branch.

*

Mr D. M. Sandy Saunders has been appointed a director of W. TYZACK SONS & TURNER, Sheffield. He is chairman of Boston Investment Group, which acts for shareholders who have a 14.4 per cent interest in the company.

*

SHEPHERD HOMES has appointed **Mr Jolyon L. Harrison** as managing director. He takes over the chief executive role from **Mr Colin Shepherd**, who remains chairman. Mr Harrison was regional manager for Wilcon Homes.

*

ITT CONSUMER PRODUCTS (UK) has promoted **Mr Roy Browning**, operations director, to managing director and **Mr Rod Mimpress**, sales director, to sales and marketing director. **Mr Mike Foster** and **Mr David Cavey** have relinquished their positions as managing director and commercial director respectively, to pursue other interests.

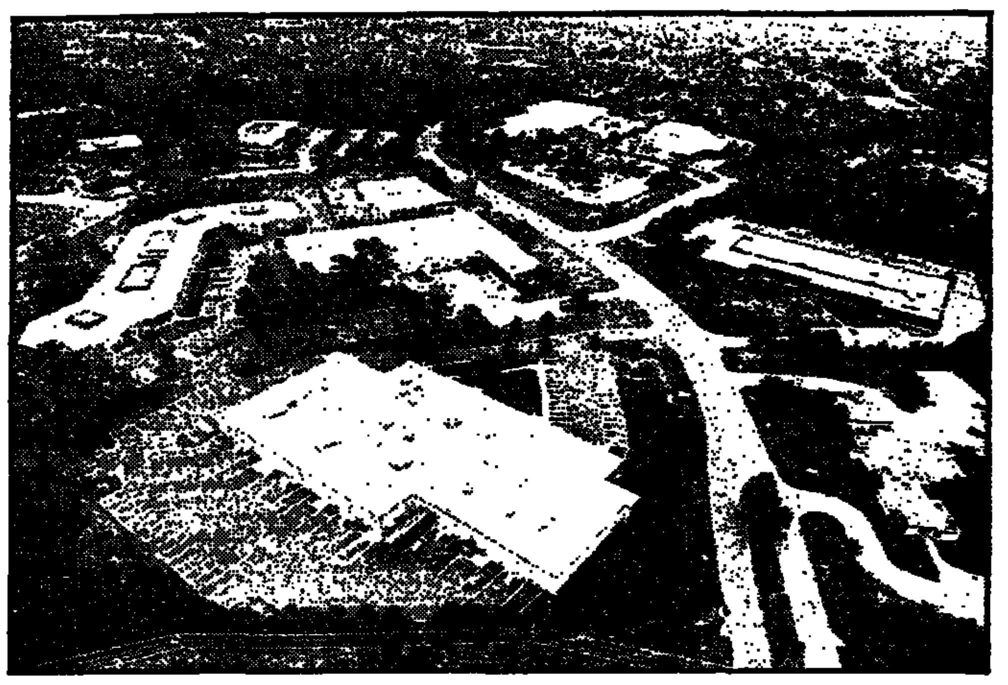
TECHNOLOGY

EDITED BY ALAN CANE

MASSACHUSETTS SPENDS $40M ON ENCOURAGING BIOTECHNOLOGY

Ideas grow in science parks

BY PETER MARSH



Science parks were invented in the U.S. Many are in existence but a new one is planned in Massachusetts

ACADEMIC and business interests in Massachusetts are combining to set up a $40m research park designed to make it easier for researchers in biotechnology to bring their ideas to the market place.

Staff at the park will also sign agreements with companies in other areas of industry that give these enterprises a "window" on research at the park that could help them to develop new products and processes.

Companies that could be aided in this way could come from a *broad cross section of commerce* which includes food-processing, materials and chemical engineering.

Even at this relatively late stage in the development of biotechnology enterprises in the U.S. (Massachusetts alone boasts 80 such organisations), fledgling companies in this area need managerial and financial help to sustain growth, *according to the park's backers.*

The park will assist small companies involved in a range of biotechnical and medical technologies. Such enterprises could produce, for instance, laboratory instruments, artificial organs for the human body or new strains of monoclonal antibodies to treat diseases.

Equipment at the park will also be available to other areas *of industry, for instance* materials companies which could use research hardware for non-destructive testing.

The Massachusetts Biotechnology Research Park will be built on land next to the University of Massachusetts medical centre in Worcester. It will provide R&D facilities that the small companies can share.

Staff at the park will liaise between the biotechnology concerns and organisations such as venture-capital groups and accountants.

In a further move, companies in other areas of industry will, in exchange for a fee, gain access to the ideas from academic research groups represented at the park.

Norton, an international company which makes adhesives and grinding wheels and is based in Worcester, is the first to conclude such an agreement. The organisation is interested in work in biotechnology, for example in chemicals or instrumentation, that could be applied in its own products.

To give companies access to academic technologies in this way has begun to catch on in Britain. Surrey University has arranged deals with five companies that permit these groups to assess for its commercial potential research at the institution.

Dr Laurence Berlowitz, executive director of the Massachusetts park, said that researchers with good ideas in biotechnology often found it hard to bring these to the commercial stage. Speaking at a recent technology-transfer exhibition in *Brighton*, Dr Berlowitz said that many enterprises started in the past few years were "stuttering along" and needed technical and managerial assistance.

As a result of unhappy experiences in supporting technical initiatives, venture-capital groups are also being more careful when considering new investments, according to Dr *Berlowitz*, a *geneticist-turned-*administrator who has worked for the U.S. Government's National Science Foundation and National Institutes of Health.

"I know of several companies formed in the past few years which are anxious to move into the park because they need extra support. Some of them are doing things that are not in their best interests—bringing out products before they are ready for example—because they are under pressure from their investors."

Building work on the first phase of the park will start in the spring. It should be finished in about 15 months at and cost around $15m. The first phase will have three parts:

● A centre for imaging with nuclear-magnetic radiation (NMR). In NMR, atoms are subjected to a magnetic field which perturbs them in a specific way. When the field is turned off, the atoms return to their original state. This is accompanied by emission of electromagnetic radiation which (processed by a computer) provides information about the material. In the centre, researchers will use hardware on a shared basis, for example to examine animal *tissue or to try out ideas for* new instruments. The equipment will also be available to materials companies which may find it useful in detecting cracks in metals and other substances.

● A "mini factory" for biotechnology processing. The research park aims to provide hardware, for instance for fermentation or purification, with which fledgling groups can produce small versions of chemicals as a prelude to full-scale manufacturing. John Brown, the British manufacturer of processing equipment, is talking to the research park about becoming involved. The company could, for example, run this part of the park on a contract basis as a mechanism for becoming acquainted with emerging biotechnology groups in the U.S.

● Business units for small companies. The park aims to provide 40,000 sq ft of laboratory and office space, to be let to up to 20 small companies. Staff at the park will vet proposals from these companies, for instance for an extra injection of finance, before passing on the details to venture-capital groups. Arthur Young, the accountancy firm, has agreed to give its *services free of charge* to the small enterprises.

The park is to be managed by the Worcester Business Development Corporation, an organisation backed by private-sector interests. Cash for the park has been provided from several sources such as academic institutions, private companies and the state of Massachusetts.

Apex of the pyramid for software profession

Professional Personal Computing

Pyramid and other companies have identified the need for complete and integrated packages of Unix hardware and software

BY ALAN CANE

THE REAL professionals of personal computing are systems analysts and programmers, the *people who decide how a computer* should tackle a problem and write the instructions which enable it to do so.

The biggest change for these two elite groups in the past 20 years has been the move from off-line to on-line programming. In the 1950s and 1960s, programmers wrote lists of computer instructions on coding sheets which were subsequently *fed to the central computer* by data preparation staff.

Then, with lower hardware prices and better technology—especially time-sharing techniques — programmers were able to communicate directly with the mainframe, preparing and testing their programmes in real time.

These techniques made it seem to the programmer that the entire resources of a £1m mainframe were at his or her disposal. It is no surprise, therefore, that many professionals were appalled and dismayed by the appearance of the personal computer. They despised its lack of power and feared that it would lead to a kind of software anarchy if professional disciplines were abandoned in the *rush to exploit the new* personal computing power.

The best professional personal computer, they reckoned, was a high-performance mini, serving a group of programmers and giving them access to a common database and common software engineering tools.

Which is one reason why there is still a sound market for what are known as "scientific minis" in the academic and research sectors. The market is even sounder if the computer uses Unix as its operating system. Unix is very much the operating system of the moment because of the facilities and ease of use it offers the professional programmer working with the larger (16- and 32-bit) microcomputers, but it was written originally for minicomputers.

Mr Edward Dolinar, president of Pyramid, a Mountain View, California, company established to exploit this market, the high end of the Unix phenomenon, reckons its worth as $3bn by 1987.

Pyramid and other companies like Masscomp of Massachusetts, have identified the need in the university, government *and research areas for complete* and integrated packages of Unix hardware and software.

As Mr Dolinar points out: "In the past, a customer had to go to Digital Equipment (DEC) for the hardware, then to AT and T for a Unix licence (Unix was written at Bell Laboratories). *He* would then have to go to Berkeley for a high-performance version of Unix, *BSD 4.2. Finally, he would* probably need a system integrator to put the whole thing together.

"We saw there would be advantages in offering the whole kit in one attractive package." Dolinar says.

Pyramid, with revenues of $12m last year, is not in the league of, say, Compaq, the fastest-growing start-up in U.S. business history, but it has $27m in investment capital, 68 customers in the U.S. and it looks highly likely one of its first sales in Europe will be to Imperial Software, one of the UK's top software engineering companies. Mr James Feeny, Imperial Software managing director said this week: "Our next machine will be a Pyramid and we hope to place the order soon."

Imperial Software is, in fact, an ideal customer for Pyramid with its teams of professionals working on better ways of creating software.

What would make the Pyramid a good buy for Imperial? First, the fact that the machine is dedicated to working in Unix. It uses what is called a "*reduced instruction set,*" the basic operation of the computer honed and fine tuned to give maximum performance.

Second, it is designed to work equally well with the two most popular versions of Unix — 4.2 from BSD and System V from AT & T.

According to Mr Dolinar it would be possible for some 40-60 programmers to be working simultaneously on separate programmes at separate workstations attached to a Pyramid system. Some could use 4.2, others the System V without interference and without degradation in performance.

This kind of facility is important in the Unix market. The Masscomp system for example, designed exclusively for scientific and technical customers is based on System V but is 4.2 compatible.

Masscomp's customers include IBM, Ford and Nasa. Pyramid's include Lockheed, Hughes Aircraft and TRW but it is well aware of the value of the commercial sector as opposed to the purely technical. One of its biggest clients is the U.S. legal firm, Davis Polk Wardwell which carries out all its business, filing, word processing, accounting, on eight Pyramid systems.

In personal computing, the wheel is beginning to turn full circle. First, there was time-sharing, then stand alone personal computing and now the buzz-phrase is "diskless workstations" personal computers which have no need of secondary storage in the form of hard or floppy magnetic disks because they are connected directly to a powerful host computer.

It would act as an information store and provider of raw processing power as well as a powerful memory. The Pyramid and Masscomp computers are reckoned to be several times as powerful as the top end of the DEC VAX range, the usual measure for a superminicomputer.

How long before even that level of power can be provided in a single box on the desk and the wheel will start to turn all over again?

Chemicals

Coatings plant

FERRO (Great Britain) the U.S.-based supplier of speciality coatings and chemicals, is setting up a new plant at Wombourne near Wolverhampton, to make and market the Vedoc range of organic dry powder coatings which to date the group has manufactured mainly in the U.S. and Germany.

About £1m is being spent on the first phase of the plant construction and starting in 1985, the annual production rate will be 2000 tonnes, a figure that is expected to double by 1987. The company says it seeks some 20 per cent of the UK powder coatings market, which amounts to over £25m.

Applied by electrostatic methods and baked on, the Vedoc materials are aimed at the vehicle and consumer goods industries and offer an energy efficient and solvent-free alternative to liquid paints. They include epoxy, polyurethane, polyester and hybrid materials. More on 0902 894144.

Construction

Discovering defects

ERA Technology is working on ultrasonic techniques to detect structural defects in reinforced concrete. The research organisation, working under contract to the Transport and Road Research Laboratory, has identified that, by modifying standard ultrasonic echo detection techniques, it can locate defects in steel tendons buried up to 5 metres within concrete.

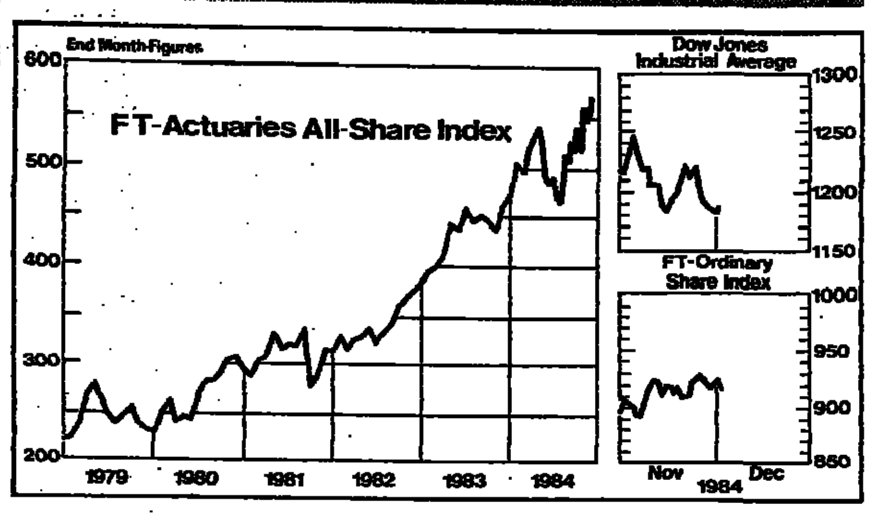
Now ERA researchers want to develop equipment which will be capable of testing sections of concrete up to 20 metres long. More details from ERA Technology in Leatherhead, Surrey.

FINANCIAL TIMES

Wednesday December 5 1984

World coarse grain crop may reach record, Page 40

KEY MARKET MONITORS



STOCK MARKET INDICES

	Dec 4	Previous	Year ago
NEW YORK			
DJ Industrials	1,185.07	1,182.42	1,265.24
DJ Transport	526.79	523.58	605.29
DJ Utilities	144.90	144.39	134.87
S&P Composite	163.38	162.82	165.44
LONDON			
FT Ord	917.5	924.9	748.2
FT-SE 100	1,163.8	1,191.7	985.6
FT-A All-share	568.82	571.94	461.6
FT-A 500	621.72	626.59	492.7
FT Gold mines	556.7	550.8	583.0
FT-A Long gilt	10.05	10.12	10.18
TOKYO			
Nikkei-Dow	11,557.44	11,513.58	9,379.85
Tokyo SE	884.26	880.99	692.94
AUSTRALIA			
All Ord.	737.7	740.0	736.9
Metals & Mins.	432.6	432.0	544.8
AUSTRIA			
Credit Aktien	58.19	58.09	54.15
BELGIUM			
Belgian SE	157.96	157.40	128.99
CANADA			
Toronto			
Metals & Mins	1,884.87	1,882.4	2,507.0
Composite	2,368.62	2,366.3	2,550.2
Montreal			
Portfolio	117.51	117.30	124.98
DENMARK			
Copenhagen SE	166.53	167.54	198.59
FRANCE			
CAC Gen	181.6	181.2	149.5
Ind. Tendance	120.9	120.6	95.9
WEST GERMANY			
FAZ-Aktien	377.44	375.55	348.3
Commerzbank	1,102.7	1,097.4	1,031.3
HONG KONG			
Hang Seng	1,125.4	1,122.26	855.74
ITALY			
Banca Comm.	214.25	215.75	190.02
NETHERLANDS			
ANP-CBS Gen	179.0	178.2	146.9
ANP-CBS Ind	141.3	140.3	118.7
NORWAY			
Oslo SE	279.3	275.38	207.05
SINGAPORE			
Straits Times	808.49	801.38	930.55
SOUTH AFRICA			
Golds	1,056.5	1,071.6	850.4
Industrials	967.2	968.7	906.6
SPAIN			
Madrid SE	140.45	141.83	124.95
SWEDEN			
J & P	1,352.16	1,345.9	1,526.83
SWITZERLAND			
Swiss Bank Ind	380.6	378.8	368.7
WORLD	Dec 3	Prev	Year ago
Capital Int'l	183.4	183.8	182.0

GOLD (per ounce)

	Dec 4	Prev
London	$332.00	$330.50
Zürich	$331.85	$331.00
Paris (fixing)	$331.72	$328.32
Luxembourg (fixing)	$331.30	$328.30
New York (Dec)	$329.80	$331.60

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR Dec 4	Previous	STERLING Dec 4	Previous
$	–	–	1.2095	1.195
DM	3.059	3.115	3.70	3.725
Yen	246.4	248.15	298.0	296.5
FFr	9.37	9.54	11.3325	11.39
SwFr	2.5325	2.5658	3.0625	3.065
Guilder	3.46	3.5145	4.185	4.195
Lira	1,891.5	1,925.5	2,288.0	2,302.5
BFr	61.55	62.55	74.45	74.8
C$	1.32205	1.324	1.5965	1.5825

INTEREST RATES

	Dec 4	Prev
Euro-currencies (3-month offered rate)		
£	9 11/16	9⅝
SwFr	5 5/16	5⅛
DM	5⅝	5⅝
FFr	11⅛	11
FT London Interbank fixing (offered rate)		
3-month U.S.$	9⅝	9⅝
6-month U.S.$	9¾	9¾
U.S. Fed Funds	8½	9⅝
U.S. 3-month CDs	8.95	8.95
U.S. 3-month T-bills	8.46	8.39

U.S. BONDS

Treasury	Dec 4* Price	Yield	Prev Price	Yield
10⅞ 1986	99 7/32	10.41	99 [illegible]	10.46
12⅛ 1991	103 [illegible]	11.45	103 [illegible]	11.48
11¾ 1994	100 [illegible]	11.51	100 [illegible]	11.55
11¾ 2014	101 [illegible]	11.62	101 [illegible]	11.55
Corporate				
AT&T				
10⅜ June 1990	95⅝	12.45	95⅝	12.45
3⅞ July 1990	73⅝	10.15	73⅝	10.15
8¾ May 2000	77⅞	12.05	77⅞	12.05
Xerox				
10⅞ March 1993	93⅞	11.85	93⅞	11.85
Diamond Shamrock				
10⅝ May 1993	92½	12.05	92½	12.05
Federated Dept Stores				
10⅞ May 2013	11.85	90	11.85	90
Abbot Lab				
11.80 Feb 2013	97⅛	12.15	97⅛	12.15
Alcoa				
12¼ Dec 2012	99¾	12.35	99¾	12.35

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Dec	72–02	72–06	71–27	71–25
U.S. Treasury Bills (IMM) $1m points of 100%				
Dec	91.59	91.60	91.54	91.55
Certificates of Deposit (IMM) $1m points of 100%				
Dec	91.05	91.05	90.93	90.91
LONDON				
Three-month Eurodollar $1m points of 100%				
Dec	90.66	90.66	90.61	90.60
20-year Notional Gilt £50,000 32nds of 100%				
Dec	110–03	110–07	109–24	109–19

COMMODITIES

(London)	Dec 4	Prev
Silver (spot fixing)	588.25p	587.10p
Copper (cash)	£1,098.50	£1,098.50
Coffee (Jan)	£2,333.00	£2,295.50
Oil (spot Arabian Light)	$27.725	$27.725

WALL STREET

Tone turns cautiously brighter

THE PICTURE brightened on Wall Street yesterday although there was little relief from the underlying worries over the progress of the U.S. economy, *writes Terry Byland in New York.*

Across the broad range of the market, the improvement was slight but many blue chips rallied from recent falls that have taken the market down to the lower end of its trading range. The bond market continued to tread water as the debate continued over the next move in Federal Reserve policy.

At best, the stock markets showed a gain of more than five points on the Dow scale. Progress, however, was fitful and the final half hour brought some swift profit-taking, to leave the Dow Jones industrial average only a net 2.65 points higher on the day at 1,185.07. Turnover fell away, and the day's total of shares traded dipped to 81.7m. Just after the market closed, the Mesa Petroleum camp announced a bid for Philips Petroleum.

The announcement of a drop in non-defence factory orders and also in car sales failed to upset the stock market. Opinions on the likely trend of interest rates varied, with some analysts worried that last week's news of a sharp jump im M1 money supply might be repeated tomorrow. A resurgence of money supply growth would reduce the chances of a further easing in the Fed's credit grip.

Stock prices tried to stage the traditional year-end rally but upward momentum was sluggish.

Union Carbide ran into heavy selling, falling a further $⅝ to $45⅞ as Wall Street awaited further details of the disaster at the group's plant in India.

Also active again was British Telecom, with nearly 2m ADRs turned over by midday. The price dipped by $⅛ to $10⅞, indicating that sellers were in only a narrow majority. Dealers commented that the stock was still being bought in New York by UK investors.

At $120¼, IBM recouped $¼ of recent losses. Among the auto stocks, General Motors added $⅜ to $75½ and Ford $¼ to $44¾, both despite announcing sharply lower sales for the latter part of November.

Features included a dip of $1½ to $22¼ in Alexander & Alexander, the insurance group which is buying Reed Stenhouse, the Canadian-based insurer. Stock in Avco, the financial services group facing an offer from Textron, shed $⅛ of its recent gain to stand at $48¾, while Textron at $32¾ added $¼.

Stocks influenced by trading statements included Gelco, the vehicle leasing group, $¼ off at $15¼ on higher profits. In a still cautious food retailing sector, American Stores added $⅜ to $37⅞ after results.

Oils staged a minor recovery from recent weakness. Chevron at $32⅞ put on $⅜ in thin trading. The most active spot, however, was Phillips Petroleum, $3⅜ higher at $48, with more than half a million shares traded as takeover speculation re-ignited.

Kaiser Cement was another to move up on speculative buying, putting on $1 to $17¾. Tuesday's takeover favourite, however, Allied Stores fell $2 to $54¼ on disappointment at the lack of a bid move.

Gifford-Hill, the cement manufacturer, gained $1½ to $25⅛ after disclosing that several would-be bid suitors had shown interest. A foreign bidder is regarded as likely for Gifford, which is number four in the U.S. industry.

In the credit markets short-term rates eased back behind a federal funds rate that dipped below 9 per cent again to stand at 8⅞ per cent at midsession. Treasury bills were a few basis points lower, and bank CD rates also declined.

Bond prices were a shade better where changed although the market remained sluggish as traders tried to pass on the inventory of Treasury securities taken onto the books last week. The key long bond gained ⅛ to 101[illegible].

The debate on interest rates continued, with the chief economist of First Chicago warning that, while rates could ease slightly further by the end of the year, next year would see an increase of perhaps 1½ percentage points.

TOKYO

Record run reaches fourth day

STRONG BUYING interest in incentive-backed issues sent share prices sharply higher in Tokyo yesterday, with the Nikkei-Dow market average breaking its record for the fourth consecutive trading day, *writes Shigeo Nishiwaki of Jiji Press.*

The barometer advanced 63.86 to 11,577.44, having gained 414.48 in seven days. Trading was lively at 649.02m shares compared with 644.94m on the previous day. Advances outran declines by 415 to 337, with 137 issues unchanged.

The market moved erratically as usual toward the year-end. Non-life insurances and opto-electronics issues were bought in early trading. As soon as they turned lower under profit-taking pressure, however, incentive-backed stocks became the buying target.

The bullish tone was supported by high investor hopes for a further price rise, despite such unfavourable factors as Wall Street's continued slide and uncertainty over the yen's exchange rate.

Sumitomo Marine and Fire surged Y12 at one point, but closed Y12 lower at Y666. Yasuda Fire and Marine rose Y6 to Y380 and Nisshin Fire and Marine Y5 to Y382.

Shimadzu, which had been drawing popularity as an opto-electronics issue, lost Y14 to Y886. Sumitomo Electric Industries also fell Y5 to Y985.

Asahi Chemical topped the most active list for the second day with 26.37m shares. It added Y21 to Y666 on expectations of commercial development of an anti-cancer agent.

Bond prices firmed slightly with small-lot buying and selling criss-crossing. The yield on the benchmark 7.3 per cent government bonds, maturing in December 1993, declined from 6.59 per cent to 6.565 per cent.

SOUTH AFRICA

A RECOVERY in the bullion price inspired many Johannesburg gold shares to move higher – some near highs for the year – in a thin market that lacked many overseas investors.

Anglo American Corporation was 20 cents stronger at R24.20 ahead of its restructuring plans for its Orange Free State mines which include Free State Geduld, R1.50 higher at R53.

Industrial leader Barlow Rand was 5 cents stronger at R11.50 while diamond group De Beers was 8 cents ahead at R8.33.

CANADA

METALS and transport issues secured strong gains in Toronto while golds scored a notably broad advance on the firmer bullion price. Oil and gas related shares were weaker.

Industrials in Montreal were higher, but utilities and banks managed less substantial rises.

EUROPE

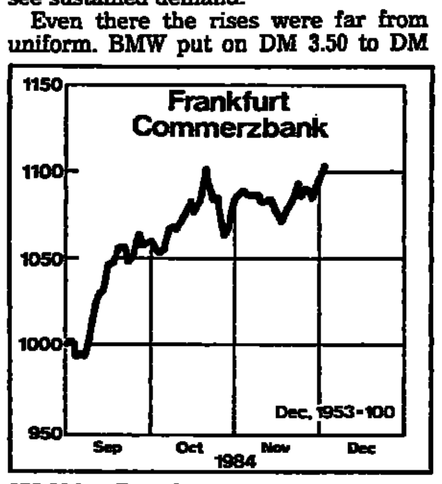
Frankfurt picks its way to peak

A SELECTIVE approach was maintained by European bourse investors yesterday, bringing West German shares to record levels and providing a firmer tone elsewhere, but the pace of dealings was rarely more than moderate and profit-takers were still in evidence.

Helping to underpin the **Frankfurt** advance were the trend to lower German interest rates and good figures released for October industrial output. This helped take the Commerzbank index of 60 leading issues 5.3 higher at 1,102.7 and its 100-share FAZ counterpart up 1.89 to 377.44, each surpassing the peaks set on October 22.

Both the amount and the scope of the gains were reduced from the extent seen on Monday, though, and the vehicle and chemical sectors were the only two to see sustained demand.

Even there the rises were far from uniform. BMW put on DM 3.50 to DM 375.50 but Porsche reversed DM 7 to DM 1,023.7; Hoechst added DM 1.80 to DM 186.40 while Bayer and BASF could manage only DM 1 apiece to a respective DM 187.8 and DM 177.



A dull retail sector showed Horten at DM 184.70 and Karstadt at DM 252.50 each 30 pfg weaker, while Kaufhof held at DM 234.50. Analysts viewed Christmas trading expectations as having by now been discounted, with some suggesting that the seasonal consumer spree might not fulfil all hopes.

Lufthansa moved up DM 1.70 to DM 176.50 as it reached accord on a stake in Avis operations.

The latest federal loan stock – the 7 per cent coupon for which was the main interest rate factor encouraging the bourse overall – rose ¼ to trade that amount below its 99¾ issue price. The Bundesbank supplied DM 30.8m in existing paper.

A weaker **Amsterdam** opening was corrected later to leave a mixed outcome. Among the strongest was Fokker, drawing benefit from an Australian order to gain Fl 3.50 at Fl 81.50 for a two-day rise of Fl 5.50 or 7.2 per cent. Nedlloyd picked up Fl 2.30 to Fl 165.80 while Philips dipped 20 cents to Fl 53.60, with its recent dull streak attributed to cautionary words on growth prospects from a local broker. Bonds were barely changed.

The foods sector was to the fore in a steady **Paris**, with Beghin Say FFr 15.80 ahead at FFr 314.80 and Bongrain rising FFr 61 to FFr 1,795. **Zurich** featured demand for Ciba-Geigy, which gained SwFr 40 to SwFr 2,500, while Swiss Re at SwFr 7,950 collected SwFr 50 more for a two-day improvement of SwFr 250. Bonds edged higher.

Olivetti held out against **Milan** profit-taking to end L21 better at L5,951 while Fiat shed L33 to L1,893. Banks weakened while Treasury paper firmed. Amid their **Brussels** rights issues, Société Générale firmed BFr 5 to BFr 1,780 and GBL dipped BFr 20 to BFr 2,080.

Stockholm finished ahead on the session, although volume leader Alfa Laval slipped SKr 5 to SKr 195. Electrolux was sought, and rose that amount to SKr 235. Banks were the only **Copenhagen** sector to advance, while **Oslo** showed Norsk Data NKr 13 stronger at NKr 378.

Chemicals again held out against **Madrid** weakness, as did food issues.

LONDON

Telecom widens the options

BRITISH Telecom continued to rule the London stock market yesterday. Second-day trading, while not matching the opening session's volume, was still heavy but the real excitment was generated by the introduction of BT traded options which soon eclipsed all previous records of contracts struck. The 26,884 contracts more than doubled the previous peak set in mid-October.

BT itself closed 2p lower at 91p following an unsettling delay to New York trading due to an order imbalance.

Institutional cash not used in the BT offer surfaced in gilts with longs gaining up to ⅞ and shorts adding ½ in places. Sterling's better performance against the dollar also aided sentiment.

Leading electricals encountered selling which in turn seeped into other sectors. The FT Ordinary Share index, nearly one point up in the morning, closed 7.4 down at 917.5.

Chief price changes, Page 32; Details, Page 33; Share information service, Pages 36–37

AUSTRALIA

INDUSTRIALS were hardest hit in a broadly lower Sydney as the outcome of the national elections was digested. The All Ordinaries index fell 2.4 to 737.6 despite an early attempt at a rally.

BH, which fell after Monday's stock split, eased a further 2 cents to A$5.12. Banks were weaker with Westpac 3 cents off at A$3.87 while Myer Emporium in softer retailers shed 4 cents to A$1.66. Hooker, steady at A$1.69, was actively traded, reviving suggestions of a takeover.

Among the few gains in the session were Brambles, 5 cents up at A$3.45, and CRA, 4 cents stronger at A$5.

HONG KONG

MOST sectors finished higher in Hong Kong following light technical trading that sent the Hang Seng index oscillating through most of the session but ending 3.14 higher at 1,125.40.

Banks were mixed: Hang Seng scored one of the best rises of the day with a 25-cent advance to HK$40.75 while Bank of East Asia slipped 10 cents to HK$22.80 and Overseas Trust Bank was 2 cents weaker at HK$2.55.

Elsewhere Cheung Kong firmed 5 cents to HK$9.05, and a 20-cent rise for Hutchison Whampoa was sufficient to take it back to its high for the year of HK$15.90.

SINGAPORE

A TECHNICAL upturn helped reverse a two-day decline in Singapore, taking the Straits Times index 7.11 higher to 808.49.

Sime Darby, the most active, edged 1 cent up to S$1.83 while 10-cent advances were recorded by Fraser & Neave at S$4.74, OUB at S$4.12 and OCBC at $8.95.

Hotel, property and commodity related shares were also higher.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23½	13¼	AAR	.48	2.6	18	192	18½	18	18¼	−½
30½	9⅜	AGS			8	103	11¼	10⅞	10⅞	−⅜
17⅞	13⅜	AMF	.50	3.3	63	336	15	14⅞	15	+⅛
51¼	49⅞	AMF	pf4.32e	8.5		40	51	51	51	+⅛
41¼	24¼	AMR			5	4419	34	33½	34	+⅝
20⅞	18¼	AMR	pf2.18	11		9	19⅝	19⅝	19⅝	
41½	27½	AMR	pf2.13	6.1		59	34¼	34¼	34¼	+⅝
25¼	22⅞	ANR	pf2.67	12.		3	23	23	23	
23	18	ANR	pf2.12	11.		5	19⅞	19¾	19¾	
15⅛	8½	APL			3	25	10⅝	10¼	10¼	−½
71¼	40¼	ARA	2.10	3.0	14	859	71¼	71½	71¼	
69¼	44¼	ASA	3a	5.4		290	55⅞	55¼	55¼	−¼
30⅛	16½	AVX	.32	1.8	11	234	18¼	18	18¼	+¼
48¼	36¼	AbtLab	1.20	3.0	13	2290	40½	39⅞	40	
23⅞	16½	AccoWd	s.44	2.1	17	260	20¾	20½	20½	−½
27⅞	12½	AcmeC	.40	3.0		17	13⅝	13½	13⅝	−⅜
18¾	15	AdaEx	2.11e	13		70	16⅛	16	16⅛	+⅛
18⅞	11⅞	AdmMl	.32	2.2	7	3	14½	14⅜	14½	
21⅞	11¼	AdvSys	.811	6.7	11	612	12¼	11⅞	12⅛	+⅛
41⅛	25⅞	AMD			13	4506	28⅞	28	28½	+¼
14⅛	6¼	Advest	.12	1.5		73	7⅞	7⅞	7⅞	+⅛
16⅝	8⅞	Aerflex			10	52	11	10⅝	10½	−½
39	27⅛	AetnLf	2.64	7.6	29	1583	35¼	34⅞	34⅞	
58¾	52⅞	AetL	pf5.78e	10		192	56⅛	55½	55½	−⅛
34½	15¼	Ahmns	1.20	5.1	10	345	24	23½	23½	−¼
5½	2⅞	Aileen				43	3⅛	3⅛	3⅛	
48⅞	36½	AirPrd	1.20	2.7	10	430	44⅝	44½	44½	
30½	13	AirbFrt	.60	3.1	11	486	19½	18⅞	19½	
4⅛	1⅞	AlaMoa	.3e	7.5		140	4	3⅞	4	
27⅛	21	AlaP	pf2.97e	12.		10	24⅝	24⅝	24⅝	+⅛
31	26¼	AlaP	pf3.92	13.		15	29⅞	29½	29½	−½

Continued on Page 31

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

Continued on Page 32

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 30

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										
8⅝	3¼	Wurltzr				106	3½	3½	3½	+ ⅛
25¾	10⅝	WyleLb	.32	2.5	8	52	12¾	12⅝	12¾	
20½	16½	Wynns	.60	3.3	7	14	18¼	18	18¼	
X-Y-Z										
52⅛	33¼	Xerox	3	8.2	11	1890	36⅝	36¼	36⅝	- ⅛
50½	45¼	Xerox	pf5.45	11		905	49½	48⅞	49¼	+ ⅜
36¼	19	XTRA		2.9	8	65	22¼	22	22	- ⅛
33	24	ZaleCp	1.32	4.7	9	18	28½	28⅛	28⅛	+ ⅛
24⅞	15¼	Zapata	.84	5.1	13	58	16½	16⅜	16½	
49	28¾	Zayre	.40b	.9	12	95	44½	43¾	43¾	- ⅜
38⅝	20	ZenithE			7	941	22	21¾	21⅞	+ ¼
27⅝	18	Zero	.40	1.9	16	22	21½	21⅛	21¼	+ ⅛
34	21½	Zurnln	1.32	5.1	11	410	27	25¾	25¾	-1½

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. h-dividend declared after spin-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-when distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

WORLD STOCK MARKETS

AUSTRIA

Dec. 4	Price Sch.	+ or −
Creditanstalt	224	−2
Goesser	330	...
Interunfall	394	...
Laenderbank	226	−1
Perlmooser	362	...
Steyr-Daimler	157	...
Veitscher Mag.	241	−1

BELGIUM/LUXEMBOURG

Dec. 4	Price Frs.	+ or −
B.B.L.	1,850	...
Banq. Int. A. Lux	5,500	...
Bekaert B.	4,305	−5
Ciment CBR	2,510	+5
Cockerill	283	+1
Delhaize	5,710	−40
EBES	2,855	−5
Electrobel	8,610	+10
Fabrique Nat	2,095	−5
GB Inno BM	3,100	+35
GBL (Brux)	2,080	−20
Gevaert	3,585	−15
Hoboken	6,040	−10
Intercom	2,190	...
Kredietbank	7,490	...
Pan Hldgs.	9,900	...
Petrofina	7,100	+50
Royale Belge	10,100	...
Soc. Gen. Banq	8,290	...
Soc. Gen. Belge	1,780	+5
Sofina	7,600	+20
Solvay	4,140	+40
Stanwick Intl.	1,430	...
Traction el.	3,905	+20
UCB	5,100	−610
Wagon Lits	2,400	+20

DENMARK

Dec. 3	Price Kr. %	+ or −
Andelsbanken	266	+1
Baltic Skand	555	−5
CopHandelsbank	270	+1
D. Sukkerfab	525	...
Danske Bank	270	−1
De Danske Luft.	1,065	...
East Asiatic	161	+1
Forenede Brygg.	755	...
Forenede Damp.	99	−4
GNT Hldg	386	+1
I.S.S.B.	405	...
Jyske Bank	494	−1
Novo Ind.	1,365	−5
Privatbanken	237	...
Provinsbanken	338	−2
Smidth (F)	229	−1
Sophus Berend	900	−10
Superfos	418	−1

FRANCE

Dec. 4	Price Frs.	+ or −
Emprunt 4½% 1973	1,655	+4
Emprunt 7% 1973	8,965	+9
Accor	242.5	+1
Air Liquide	564	+1
BIC	506	−2
Bongrain	1,795	+61
Bouygues	677	−7
BSN Gervais	2,481	+40
CIT-Alcatel	1,330	...
Carrefour	1,802	−8
Club Mediter'n	1,051	...
Cie Bancaire	583	+2
Cofimeg	238.2	+4.2
Damart	2,399	+9
Darty	1,195	+2
Dumez S.A.	631	83
Eaux (Cie Gen)	554	+1
Elf-Aquitane	227	+24
Essilor	2,806	−1
Gen. Occidentale	651	−5
Imetal	78.5	−1
Lafarge Coppee	377	−0.5
L'Oreal	2,285	−69
Legrand	1,901	−59
Maisons Phenix	187	...
Matra S.A.	1,630	−6
Michelin B	775	−5
Midi (Cie)	1,999	+9
Moet-Hennessy	1,820	...
Moulinex	93.5	+0.1
Nord Est	71.2	−0.35
Pernod Ricard	742	−3
Perrier	500	−1
[illegible]		

GERMANY

Dec. 4	Price Dm.	+ or −
AEG-Telef	105.1	−0.4
Allianz Vers	1,042	+7
BASF	177	+2
Bayer	187.8	+1
Bayer-Hypo	329.5	+2
Bayer-Verein	333	...
BHF-Bank	280	+1
BMW	375.5	+3.5
Brown Boveri	203.5	−1.4
Commerzbank	176.2	+0.7
Cont'l. Gummi	117.8	+2.1
Daimler-Benz	588	+2.5
Degussa	360.5	+1.5
D'sche Babcock	151.5	+0.5
Deutsche Bank	385	+0.8
Dresdner Bank	191.2	+0.7
GHH	153.5	+0.5
Hochtief	472	+3
Hoechst	186.4	+1.8
Hoesch Werke	100.5	−1.5
Holzmann (P)	370	+1.5
Horten	184.7	−0.3
Hussel	291	+2
Karstadt	252.5	−0.3
Kaufhof	234.5	...
KHD	262	...
Kloeckner	71.1	+0.1
Linde	385.5	−1.9
Lufthansa	176.5	+1.7
MAN	148	+2.5
Mannesmann	146	−0.8
Mercedes Hld.	518.5	+3.7
Metallgesell	215	−3
Munech Rueck	1150	+15
Nixdorf	620.3	+2.3
Porsche	1023	−7
Preussag	258	+1
Rhein West Elect.	164.5	+1.7
Rosenthal	249	+0.5
Schering	429	+3
Siemens	457	+0.7
Thyssen	79.8	−0.5
Varta	177.5	+1
Veba	172.3	−0.3
V.E.W.	123	−0.5
Verein-West.	295	...
Volkswagen	202.2	−0.6

ITALY

Dec. 4	Price Lira	+ or −
Banca Com'le	14,900	−300
Bastogi-IRBS	120	−1.75
Centrale	2,135	−20
Credito Varesino	3,650	−120
Fiat	1,893	+33
Finsider	46.25	...
Generali Assicur.	31,000	+650
Invest	2,985	+44
Italcementi	64,000	+550
La Rinascenti	499	...
Montedison	1,256	−6
Olivetti	5,951	−21
Pirelli Co.	3,351	−36
Pirelli Spa	1,780	+2.5
Snia BPD	2,020	−8
Toro Assic.	11,750	−110
do. Pref	8,505	−195

NETHERLANDS

Dec. 4	Price Fls	+ or −
ACF Holding	189	+1
AEGON	140	+1
Ahold	180.8	+0.1
AKZO	96.2	+0.1
ABN	344.5	−1.5
AMEV	200.8	+0.8
AMRO	64.8	−0.2
Bredero Cert.	165	−3
Bos Kalis Westm.	14.2	−0.8
Buehrmann-Tet	68.3	+0.1
Calland Hldgs	30.8	−0.2
Dordtsche Pet'm	163.7	+1.3
Elsevier-NDU	115.5	+0.5
Fokker	81.5	+3.5
Gist Brocades	165	+1.3
Heineken	144	−0.3
Hoogovens	63.4	+0.4
Int Mueller	35.9	−0.1
KLM	42.4xc	−0.3
Naarden	46.5	+0.2
Nat Ned Cert	242.6	+0.1
Ned Mid Bank	145	+0.5
Nedlloyd	165.8	+2.3
Oce Grinten	276	...
Ommeren (Van)	27.3	−0.2
[illegible]		

NORWAY

Dec. 4	Price Kroner	+ or −
Bergens Bank	160	...
Borregaard	305	+10
Christiania Bank	158	−1.5
DenNorske Cred	159	...
Elkem	117	+1.5
Kvaerner	167.5	−3.5
Norsk Data	378	+13
Norsk Hydro	107.5xa	−2
Storebrand	197.5	...

SPAIN

Dec. 4	Price Pta %	+ or −
Bco Bilbao	310	−3
Bco Central	318	−5
Bco Exterior	200	...
Bco Hispano	207	−5
Bco Popular	360	−9
Bco Santander	325	−3
Dragados	157	−1
Hidrola	74.2	−1.5
Iberduero	81.5	−0.7
Petroleos	157	+3.3
Telefonica	93	−0.7

SWEDEN

Dec 4	Price Kronor	+ or −
AGA	345	+5
Alfa-Laval	195	−5
ASEA (Free)	355	...
Astra (Free)	330	−10
Atlas Copco	97.5	−2
Cardo (Free)	240	+14
Cellulosa	120	...
Electrolux B	235	+5
Ericsson	265	...
Esselte	370	−10
Mo Och Domsjo	252	−8
Pharmacia	188	−5
Saab Scania Free	450	...
Sandvik	333	−1
Skandia	314	+2
Skan Enski'da	65.5	...
SKF	167	...
St Kopparbergs	159	+4
Sven Handlesbn.	188	+1
Swedish Match	249	...
Volvo B (Free)	221	+2

SWITZERLAND

Dec. 4	Price Frs.	+ or −
Alusuisse	750	...
Bank Leu	3,775	+35
Brown Boveri	1,345	+10
Ciba Geigy	2,500	+40
do. (Part Certs).	1,980	+20
Credit Suisse	2,300	+5
Elektrowatt	2,500	+10
Fischer (Geo.)	612	+2
Hoff-RochePtCts	£8,000	+375
Hoff-Roche 1/10.	8,800	+25
Jacobs Suchard.	6,150	+25
Jelmoli	1,900	+10
Landis & Gyr	1,480	−10
Nestle	6,360	+25
Oer-Buehrle	1,295	...
Pirelli	250	+1
Sandoz (Br)	7,250	...
Sandoz (PtCts)	1,138	+3
Schindler (PtCts)	630	−10
Sika	1,035	−5
Surveillance	3,710	+15
Swissair	1,025	...
Swiss Bank	356	...
Swiss Reinsce	7,950	+50
Swiss Volksbk	1,460	...
Union Bank	3,540	+35
Winterthur	3,280	+10
Zurich Ins.	17,900	−50

AUSTRALIA

Dec. 4	Price Aust $.	+ or −
ANZ Group	5.18	−0.02
Alliance Oil Dev.	1.05	...
Ampol Pet.	1.78	−0.02
Ashton	0.85	−0.02
Aust Cons Ind.	1.8	+0.01
Aust. Guarantee.	2.9	...
Aust. Nat. Inds	2.4	−0.03
Aust. Paper	2.17	−0.01
Bell Group	5.6	...
Bell Res.	4.7	−0.1
Bond Corp Hldgs	1.15	−0.1
Boral	3.1	−0.02
Bougainville	1.68	...
Brambles Inds.	3.45	+0.05
Bridge Oil	2.3	+0.1
B.H. Prop.	5.12	−0.02
CRA	5.00	+0.04
CSR	2.87	+0.02
Carlton Utd	4.30	...
Castlemaine Tys.	4.38	−0.1
Coles (G.J.)	3.98	−0.02
Comalco "A"	2.27	+0.02
Consolidated Pet	0.58	−0.02
Costain Aust	1.4	...
Dunlop Aust.	1.85	...
Elders IXL	3.3xc	−0.1
Energ Res.	1.46	+0.01

AUSTRALIA (continued)

Dec. 4	Price Aust. $	+ or −
Gen Prop Trust	2.16	−0.04
Hardie (James)	3.08	...
Hartogen Energy	2.5	...
Herald W'yTimes	3.42	...
ICI Aust.	2.08	−0.02
Jimberlana F.P.	0.43	...
Kia Ora Gold	0.12	−0.01
Lend Lease	5.5	−0.1
MIM	2.48	...
Mayne Nickless	3.05	−0.05
Myer Emporium	1.66	−0.04
Nat. Aust. Bank	3.4c	−0.07
News	9.3	−0.06
Nicholas Kiwi	5.1	...
North Bkn Hill	2.16	−0.06
Oakbridge	0.62	−0.04
Pancont'l	1.1	...
Pioneer Conc.	1.55	−0.07
Poseidon	3.2	−0.15
Queensland Coal	1.14	+0.01
Reckitt & Coln.	3.05	...
Repco	1.18	−0.02
Santos	6.	−0.12
Smith (Howard)	3.42	−0.02
Thos. Natwide.	1.72	−0.05
Tooth	6.8	−0.02
Vamgas	3.4	−0.05
Western Mining	3.05	+0.02
Westpac Bank	3.87	−0.05
Woodside Petrol.	1.04	−0.01
Woolworths	2.6	−0.03
Wormald Intl	3.02	...

HONG KONG

Dec. 4	Price H.K.$	+ or −
Bank East Asia	22.8	−0.1
Cheung Kong	9.05	−0.05
China Light	11.9xa	−0.1
Evergo	1.46	+0.01
Hang Seng Bank	40.75	−0.25
HK Elect ric	6.35	−0.05
HK Kowloon Wh.	4.67	+0.02
HK Land	3.7	...
HK Shanghai Bk.	7.4	+0.05
HK Telephone	48.25	...
Hutchison Wpa.	15.9	−0.2
Jardine Math.	8.55	+0.05
New World Dev.	4.3	−0.06
Orient O'seas	2.77	−0.03
Oseas Trust Bk.	2.55	−0.02
SHK Props.	7.5	−0.05
Shell Elect.	1.67	...
Swire Pac A.	20.3	−0.2
TV—B	4.85	−0.05
Wheel'k Mard A.	3.7	−0.02
Wheel'k M'time	1.46	...
World Int. Hldgs.	1.52	...

JAPAN

Dec. 4	Price Yen	+ or −
Ajinomoto	1,140	−30
Alps Electric	1,960	+10
Amada	1,120	+10
Asahi Chem.	666	+21
Asahi Glass	879	−1
Bridgestone	549	−1
Canon	1,540	...
Casio Comp.	1,610	−10
Chugai Pharm.	1,090	...
Citizen	585	−1
Daiei	630	...
Dai Nippon Ptg	1,040	+30
Daiwa House	582	+7
Ebara	347	...
Eisai	1,370	−230
Fanuc	11,200	−30
Fuji Bank	1,250	...
Fuji Film	1,520	−10
Fujisawa	973	−17
Fujitsu	1,380	...
Green Cross	1,590	−50
Hasegawa	356	−3
Heiwa Real Est.	579	−4
Hitachi	855	−5
Hitachi Credit	1,060	−10
Honda	1,180	−10
House Food	715	+5
Hoya	2,430	−10
Itoh (C)	300	+8
Ito. Yokado	2,520	+10
Iwatsu	1,340	−20
JACCS	325	+8
JAL	5,320	−180
Jusco	745	+1
Kajima	275	+3
Kao Soap	795	−14
Kashiyama	610	−10
Kirin	544	+22
Kokuyo	930	+12
Komatsu	430	+13
Konishiroku	567	−3
Kubota	325	+4
Kumagai	445	−5
Kyoto Ceramic	7,190	−30
Maeda Const	465	−5
Makino Milling	1,220	...
Makita	1,000	...
Marubeni	303	−3
Marudai	660	+20
Marui	1,080	+10
MEI	1,400	−20
M'ta Elec Works.	615	−5
M'bishi Bank	1,240	+50
M'bishi	520	+5
M'bishi Elec.	404	−1
M'bishi Estate	520	...

JAPAN (continued)

Dec. 4	Price Yen	+ or −
MHI	246	−2
Mitsui Co.	340	−1
Mitsui Estate	687	−7
Mitsukoshi	345	−1
NGK Insulators	985	−6
Nihon Cement	211	−3
Nippon Denso	1,420	...
Nippon Elect.	1,250	...
Nippon Express	355	−3
Nippon Gakki	1,530	−50
Nippon Kokan	137	...
Nippon Oil	900	−11
Nippon Seiko	718	−9
Nippon Shimpan	555	−5
Nippon Steel	147	−1
Nipppon Suisan	325	−2
NTV	13,500	−520
Nippon Yusen	248	−5
Nissan Motor	610	−7
Nisshin Flour	505	−10
Nisshin Steel	166	−1
Nomura	822	+7
Olympus	1,150	+20
Orient Leasing	3,450	...
Pioneer	2,560	−60
Renown	650	+4
Ricoh	973	−17
Sankyo	895	−11
Sanyo Elect.	468	−6
Sapporo	401	+8
Sekisui Prefab	588	...
Seven-Eleven	9,100	−40
Sharp	1,060	...
Shimadzu	886	−14
Shionogi	671	...
Shiseido	1,160	+10
Sony	3,580	−30
Stanley	924	−1
S'tomo Bank	1,570	−50
S'tomo Elect	985	−5
S'tomo Marine	666	−12
S'tomo Metal	149	−1
Taiheı Dengyo	472	−1
Taisei Corp	201	−1
Taisho Pharm.	938	+8
Takeda	760	−2
TDK	4,910	−40
Teijin	427	−6
Teikoku	665	...
Tokyo Marine	709	−17
TBS	819	+8
Tokyo Elect Pwr	1,320	−20
Tokyo Gas	160	−5
Tokyo Sanyo	689	−8
Tokyo Style	705	...
Tokyu Corp.	295	−3
Toppan Print	907	−3
Toray	418	−2
Toshiba Elect.	419	+3
TOTO	625	...
Toyo Seikan	835	+15
Toyota Motor	1,240	+20
Victor	1,890	−10
Wacoal	725	−5
Yamaha	673	+48
Yamanouchi	1,950	+30
Yamazaki	741	−16
Yasuda Fire	380	+6
Yokogawa Bdge.	420	−5

SINGAPORE

Dec. 4	Price $	+ or −
Boustead Hldgs.	1.84	+0.06
Cold Storage	2.68	−0.06
DBS	5.85xa	+0.05
Genting	4.84	+0.04
Haw Par. Bros.	2.03	...
Hong Leong Fin.	2.96	−0.04
Inchcape Bhd.	2.35	...
Keppel Shipyard	1.71	−0.04
Malay Banking	5.7	+0.1
Malay Utd. Ind	2.39	−0.05
Multi Purpose	0.93	...
OCBC	8.95	+0.1
OUB	4.12	+0.1
Public Bank	1.74	+0.07
Sime Darby	1.83	+0.01
Straits Trdg	4.74	+0.08
Tat Lee Bk	2.9	...
UOB	4.36	+0.06

SOUTH AFRICA

Dec 4	Price Rand	+ or −
Abercom	1.45	...
AE&CI	8.0	...
Anglo Am Coal	42	−0.5
Anglo Am Corp	24.2	−0.2
Anglo Am Gold	170	...
Barclays Bank	18.5	...
Barlow Rand	11.5	+0.05
Buffels	80.25	+1.75
CNA Gallo	2.65	...
Currie Finance	4.43	+0.03
De Beers	8.33	+0.08
Driefontein	63	+0.75
FS Geduld	53	+1.5
Gold Fields SA	28.5	−0.1
Highveld Steel	4.3	−0.1
Nedbank	13.25	+0.15
OK Bazaars	15.35	...
Protea Hldns	1.9	+0.05
Rembrandt	31.5	−0.5
Rennies	13.75	−0.25
Rust Plat	16.25	+0.1
Sage Hldgs	7.35	+0.2
SA Brews	7.0	...
Smith (CG)	23.0	...
Tongaat Hulett	7.8	−0.1
Unisec	4.8	...

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

OVER-THE-COUNTER

Nasdaq national market, closing prices

[illegible]

LONDON

Chief price changes
(in pence unless otherwise indicated)

RISES

Tr. 5pc '86-89	£81 13/16	+£⅛
Tr. 13pc 2000	£123	+£⅛
Tr. 2½pc I L '20	£84	+£½
Argyll Group	237	+7
Heath (C.E.)	540	+30
Latham (J.)	283	+18
Midland Bank	363	+7
Osceola Hydro	95	+20
Reed Stenh'se	£12½	+£4¾
Sedgwick	324	+12
Smith Bros.	109	+4
Stewart Wr'son	465	+30
Stilfontein	950	+88
Sun Life	702	+19
Waddington (J.)	528	+23

FALLS

Atkins Bros.	115	−6
BP	498	−7
CPU Computers	88	−10
Cable & W'less	428	−12
Cullen's Stores A	330	−20
Finlan (J.)	90	−8
Geevor Tin	205	−10
Haden	180	−12
Hanson Trust	272	−7
Lucas	276	−7
Polly Peck	225	−15
Sovereign O & G	195	−10
Sumrie Clothes	75	−10
Thorn EMI	482	−8
Trafalgar House	310	−10

Continued on Page 34

CANADA

TORONTO

Closing prices December 4

[illegible]

MONTREAL

Closing prices December 4

[illegible]

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 31

[illegible]

MARKET REPORT

Telecom activity continues but equities drift lower

New traded options record

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Nov 26	Dec 6	Dec 7	Dec 17
Dec 10	Dec 20	Dec 21	Jan 7
Dec 24	Jan 10	Jan 11	Jan 21

* "New-time" dealings may take place from 9.30 am two business days earlier.

British Telecom continued to rule London stock markets. Second-day trading in shares of the privatised UK group was heavy, without matching the opening session's huge volume, but further excitement was generated by the introduction of BT traded options. These attracted an enormous amount of interest which soon eclipsed all previous records of contracts struck. At the end of the day, the total was a massive 26,884, compared with the October 17 peak of 10,160.

An unchanged price for BT throughout the morning session belied the activity taking place; one institutional source was said to be seeking 50m shares and operating through more than one broker. Ahead of the Wall Street opening, BT began to drift easier and sentiment was further unsettled by a delayed New York start owing to an imbalance of orders. Later, the U.S. was a seller for choice and BT shares finally settled a couple of pence lower on the day at 91p.

Leading Electricals encountered selling in the wake of the BT launch but losses rarely amounted to much until announcement of GEC's interim results. The falls then became more pronounced and eventually extended into double figures. Other areas of the market were affected and a session which had begun promisingly closed on a dull note. The FT Ordinary share index, nearly a point up at 10.00 am, ended a net 7.4 down at 917.5.

Institutional cash released by the method of allocating BT shares found its way into Government securities. The amounts were usually modest but, in a market apparently short of stock, made quite an impression. Sterling's better performance against the dollar was a help and longer-dated Gilts finished the session with gains extending to ⅜. The shorts made headway too along with index-linked issues. Following a broker's recommendation, the latter settled ⅛ higher in places.

Reed Stenhouse jump

News of the agreed merger between Alexander and Alexander Services of the U.S. and Reed Stenhouse aroused a considerable speculative interest in other Lloyds Brokers on hopes of further bid developments within the sector. Reed Stenhouse touched £13 before closing 4⅜ higher at £12⅛, while A and A closed 1¼ lower at £18¼. Meanwhile, Stewart Wrightson advanced 30 to 485p and Sedgwick gained 12 to 324p, after 335p. C. E. Heath, a strong market recently following the excellent interim figures, touched 548p before closing 20 better on balance at 540p. Willis Faber ended 16 to the good at 540p, after 545p. Minet, 206p, and Hogg Robinson, 220p, improved 8 and 7 respectively. Among Life issues, Sun Life reflected revived takeover speculation with a gain of 19 to 702p.

Argentina's declaration that it had reached agreement with its international bank creditors on a financial package aimed at resolving the country's debts crisis prompted fresh early gains of up to 12 in the major clearing banks. The best levels, however, were not held as profit-taking lowered Barclays from 535p to 525p, only 3 dearer on balance. Rumours of a British Petroleum bid for Midland continued to circulate and the latter advanced to 368p before closing 7 higher, for a two-day gain of 22, to 363p. Lloyds finally softened a couple of pence to 513p, after 523p, and NatWest closed the same amount lower at 573p, after 580p. Elsewhere, Standard Chartered revived with a rise of 7 to 470p, after 478p. Hambros moved up 4 to 157p after the interim statement.

Leading Building issues made a drab showing. Prices were marked progressively lower in the absence of interest and Blue Circle settled 8 cheaper at 470p, while RMC finished 6 down at 400p. Elsewhere, occasional selling in an unwilling market ahead of Thursday's half-timer left John Finlan 8 down at 90p. On the other hand, renewed demand in a restricted market lifted James Latham 18 to 283p; the interim results are due on December 12.

ICI gave a jaded performance and the close was 6 cheaper on balance at 674p. Coalite hardened a couple of pence awaiting today's interim statement.

Sumrie dull

Leading Stores failed to capitalise on a firm start and most soon drifted to finish the session with modest falls. An exception was provided by Habitat Mothercare, which having been depressed since last Thursday's interim statement, rallied to 374p, closing 4 up on balance at 370p. Great Universal "A" shed a couple of pence at 622p; the interim results are expected tomorrow. Secondary counters featured another relatively lively turnover in Sumrie Clothes; volatile on Monday as Inter-Channel Pharmaceuticals acquired a 15.52 per cent holding, Sumrie reacted to persistent profit-taking and gave up 10 at 75p. Body Shop eased 15 to 455p for a similar reason, but buyers displayed interest in N. Brown Investments which improved 10 at 203p; the latter's interim figures are due next Monday.

Recently favoured Electricals became unsettled after GEC's interim results, which failed to match best expectations. Up to 236p ahead of the figures, GEC fell to 223p before closing a net 5 easier on balance at 225p. Thorn EMI gave up 8 at 482p as did Racal, at 272p, while Plessey eased 4 to 210p. Swept along recently on the wave of British Telecom euphoria, Cable and Wireless succumbed to after-the-event profit-taking and finished 12 down at 428p, after 425p. Elsewhere, falls of between 10 and 26 were seen in CPU Computers, 88p, CML Microsystems, 245p, and Systems Reliability, 250p. Security Centre, a depressed market since the disappointing half-year figures and the sale of its electronic security business to competitor Automated Security, fell 8 more to 162p.

Engineerings put on an uninspiring performance. Occasional selling and lack of support left Hadon 12 lower at 180p, while profit-taking after the nine-month figures prompted a fall of 4 to 290p in Matthew Hall.

The Food sector provided some interesting movements. Argyll rose 7 to 237p and the Warrants firmed 4 to 113p in reply to better-than-expected interim figures and a confident statement. Ranks Hovis McDougall, down to 110p awaiting the annual results, rallied strongly on the announcement to close 2 better on balance at 115p. On the other hand, profit-taking clipped 6 from Rowntree Mackintosh at 358p, while lack of interest left Unigate a penny cheaper at 152p; the latter's half-year figures are due on December 13. Elsewhere, Callens Stores Ordinary fell 25 to 480p and the "A" dropped 20 to 350p following St Pauls Stores' decision to withdraw from the three-way bid battle. The reduced half-year loss and cautiously optimistic statement failed to sustain J. E. England, a penny off at 21p, but renewed demand ahead of the annual results due on December 13 lifted Cannermoor 10 to 85p.

Among Hotels and Caterers, Grand Metropolitan drifted off to close 5 lower at 300p. Trusthouse Forte lost the turn at 143p. Elsewhere, Savoy "A" attracted fresh interest as rumours that Trusthouse Forte may be prepared to sell its stake in the company revived and the close was 5 higher at a 1984 peak of 387p.

Polly Peck sold

The liquidation of speculative positions following preliminary figures at the lower end of market expectations prompted a setback in Polly Peck which fell to 220p before settling above the worst at 225p for a fall of 15 on the day. Cornell closed a few pence easier at 220p. Elsewhere in the miscellaneous industrial sector, Dominion International fell 8 to 84p, reflecting comment on the half-year results, while Vinten encountered selling after disappointing interim figures before closing 4 off on balance at 196p. Buyers showed interest in Feedex, which improved 5 to 30.

Rolfe and Nolan rallied after recent weakness to close a like amount up at 125p, but occasional selling left Smith and Nephew 6 down at 219p and British Aerospace 7 down at 368p. Trading statements left R. W. Toothill 3 to the good at 133p and Arenson a penny harder at 22p. Dealings were temporarily suspended in Cape Industries, at 55p, pending an announcement. Among leading issues, the preliminary figures from Trafalgar House, down 10 at 310p, found the market unreceptive. Hanson Trust closed 7 cheaper at 272p, while BOC, awaiting tomorrow's results, drifted off 4 to 253p.

John Waddington advanced 23 to 528p following bumper first-half profits and strong defence to the 500p per share cash offer from Mr Robert Maxwell's British Printing and Communication; the latter eased 3 to 168p. East Lancashire Paper lost the turn at 101p on news that the board is considering recommending British Syphon's fourth and final offer to shareholders. BSI were unchanged at 84p.

Leading Properties were virtually unchanged after a small two-way business. Elsewhere, Capital and Counties touched 221p prior to closing unaltered at 218p following satisfactory interim figures. Occasional interest lifted Great Portland Estates 4 to 164p. Rosehaugh gained 10 more to 620p.

Textiles again lacked a decided trend. Courtaulds remained out of favour and dipped 3 more to 115p, while similar falls were marked against Nottingham Manufacturing, 196p, and Dawson International, 258p. In contrast, buyers showed fresh enthusiasm for Carpets International, 2 better at 25p, after 26p, while Earlys of Witney improved a few pence to 45p. Tobaccos drifted lower for want of attention. Bats eased 6 to 306p, while Rothmans International, a buoyant market since last Thursday's half-timer, reacted 6 to 165p.

The highly successful British Telecom launch directed attention towards stockjobber Smith Bros which hardened 4 to 109p; the interim results are scheduled for tomorrow week. Akroyd and Smithers, on the other hand, eased a few pence to 375p. Elsewhere in Financials, R. P. Martin dipped 10 to 375p awaiting further news of the recent bid approach.

Oils easier

Leading Oils met with selling pressure at the outset and gave ground before steadying in subsequent trading. BP dipped to 496p prior to closing a net 7 cheaper at 498p, while Shell were a fraction easier at 643p, after 638p. Britoil gave up 5 at 215p. News of a second substantial oil discovery off the coast of Gabon, in partnership with Conoco and Tenneco, prompted initial demand for LASMO which rose to 356p before turning easier to close 3 off on balance at 350p.

Secondary issues showed Sovereign Oil 10 lower at a year's low of 195p following disappointing drilling news from block 219/28 in the North Sea. Petranol held at 340 following news that the Kuwait Investment Office now holds 1.6m, or 6.51 per cent of the company's capital.

The temporary suspension of Cape Industries, in which Charter Consolidated holds a 67.3 per cent interest, encouraged nervous selling of the latter which dipped 5 to a 1984 low of 187p. Among other UK Financials Consolidated Gold Fields drew strength from the firmer bullion price and moved up 7 to 499p while Rio Tinto-Zinc rose 7 more to 617p—a two-day gain of 17. Hampton Areas, however, slipped back 3 to equal the year's low of 160p.

The upturn in bullion—finally $1.5 better at $332 an ounce—led to further gains in South African Gold shares which were additionally boosted by the good December dividends from the Gencor group. Stilfontein were particularly wanted and raced ahead to close 89 higher at 950p following the much-better-than-expected final dividend. Leading heavyweights posted rises of up to ⅞, President Brand gaining that much to £27, while similar improvements were common to Durban Deep, £13⅞, and Doornfontein, £17⅞.

The Gold Mines index advanced 5.9 more to 556.7, extending the rise over the past two days to one of 12.4.

Australians marked time in subdued trading. Leading issues showed minor movements in either direction but a number of the cheaper priced speculative stocks continued to attract good support. Windsor Resources added 3 at 19p, while Sparges and ACM rose 2 apiece at 28p and 54p.

Elsewhere, Cornish tin producer Geevor retreated 10 to 205p in the wake of the sharply lower interim earnings.

The euphoric reception afforded British Telecom on Monday was repeated yesterday, this time on the Traded Option pitches. Business was noisy and hectic from the 9.35 start with practically all the attention being directed to BT. By the close at 3.30, BT had attracted a massive 23,842 contracts comprising 15,677 calls and 8,165 puts with the February 90 series proving the most popular. Operators also showed fresh enthusiasm for the FT-SE 100 index contract which attracted 632 calls and 456 puts. Total contracts amounted to 26,884—an increase of some 265 per cent on the previous record total of 10,160 set on October 17 this year.

FINANCIAL TIMES STOCK INDICES

	Dec. 4	Dec. 3	Nov. 30	Nov. 29	Nov. 28	Nov. 27	year ago
Government Secs.	83.56	83.19	83.00	83.12	82.96	83.00	83.00
Fixed Interest	86.37	86.11	86.11	86.22	86.16	86.05	86.27
Ordinary	917.5	924.9	917.3	925.8	929.2	925.3	748.2
Gold Mines	556.7	550.8	544.3	550.5	550.9	559.8	593.0
Ord. Div. Yield	4.64	4.60	4.63	4.60	4.60	4.61	4.65
Earnings, Yld.% (full)	11.88	11.18	11.25	11.17	11.17	11.23	9.58
P/E Ratio (net) (*)	10.10	10.69	10.63	10.70	10.71	10.66	12.72
Total bargains (Est.)	26,884	—	20,045	20,114	20,642	17,481	20,734
Equity turnover £m.	271.90	—	276.04	316.57	356.20	295.63	219.51
Equity bargains	—	27,523	15,165	16,782	16,660	15,821	17,810
Shares traded (ml)	—	—	146.7	155.1	191.6	164.2	137.4

10 am 925.8. 11 am 925.3. Noon 923.0. 1 pm 921.5. 2 pm 920.2. 3 pm 917.9.

Basis 100 Govt. Secs. 15/1/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=9.76.

HIGHS AND LOWS

—	1984 High	1984 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs	83.77 (9/1)	76.72 (30/7)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.48 (14/3)	80.43 (30/7)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	929.2 (28/11)	755.3 (25/7)	929.2 (28/11/84)	49.4 (26/6/40)
Gold Mines	711.7 (9/3)	485.7 (1/8)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Dec. 3	Nov. 30
Daily Gilt Edged Bargains	134.0	128.5
Equities Bargains	108.7	98.3
Value	639.9	557.9
5-day Average Gilt Edged Bargains	141.3	139.1
Equities Bargains	106.4	101.9
Value	513.0	513.0

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

[illegible]

FIXED INTEREST

[illegible]

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

The 4.3p initial premium in British Telecom was responsible for a 1.36% increase in the All Share index on Monday, December 3, 1984.

EUROPEAN OPTIONS EXCHANGE

[illegible]

TOTAL VOLUME IN CONTRACTS: 10,053

A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

NEW HIGHS AND LOWS FOR 1984

NEW HIGHS (162)

BRITISH FUNDS (17)
INT. BK. & O'SEAS GOVT. STLG. ISS. (5)
CORPORATION LOANS (1)
COM'WEALTH & AFRICAN LOANS (1)
LOAN (1)
BUILDINGS (3)
CHEMICALS (3)
STORES (3)
ELECTRICALS (8)
ENGINEERING (5)
FOODS (3)
HOTELS (1)
INDUSTRIALS (12)
INSURANCE (9)
NEWSPAPERS (2)
PROPERTY (7)
SHIPPING (1)
TEXTILES (2)
TRUSTS (11)
MINES (1)

NEW LOWS (21)

BRITISH FUNDS (1)
Treas. 15pc 1985
AMERICANS (1)
Tracor
BUILDINGS (1)
Raine Inds.
STORES (1)
Ladies Pride
ELECTRICALS (5)
CPU Computers, Wordplex Inform., Security Centres, Xyllyx, Systems Reliability
INDUSTRIALS (7)
Assoc. British Ports, Nolton, Baxter Travenol, Peek Hldgs., Bridgend Processes, Vinten, Dominion Intl.
TRUSTS (1)
Flextech
OILS (2)
Global Nat. Res., Sovereign Oil & Gas
MINES (2)
Charter Consld., Indian Ocean (1982)

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Argyll Group	237	+ 7
British Telecom	91	− 2
Cable and Wireless	428	−12
GEC	225	− 5
Hogg Robinson	220	+ 7
Jaguar	218	− 4
NatWest Bank	573	− 2
Polly Peck	225	−15
RHM	115	+ 2
Sumrie Clothes	75	−10
Sun Life Assurance	702	+19
United Leasing	313	− 2

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Dec 3	Dec 14	Mar 7	Mar 18
Dec 17	Jan 4	Mar 21	Apr 1
Jan 7	Jan 18	Apr 11	Apr 22

For rate indications see end of Share Information Service

Demand for options increased with calls done in British Telecom, De Beers Deferred, Bristol Oil and Minerals, North Kalgurli, Johnson Matthey, Glaxo, Amstrad Consumer Electronics, Combined Technologies, Eglinton Oil and Gas, Mount Charlotte Investments, Burmah Oil, Stroud Riley Drummond, Debenhams, Churchill Energy, Bougainville, Polly Peck, Carr Boyd, Hill Minerals and Oliver Prospecting. Puts were taken out in British Telecom and Barclays, while doubles were transacted in British Telecom.

RISES AND FALLS YESTERDAY

[illegible]

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

[illegible]

LONDON TRADED OPTIONS

[illegible]

Dec. 4. Total contracts 26,884. Calls 17,404. Puts 9,480

* Underlying security price.

WORLD STOCK MARKETS

LONDON STOCK EXCHANGE BUSINESS IN NOVEMBER

Turnover static ahead of British Telecom flotation

BY GRAHAM DELLER IN LONDON

THE DOWNWARD trend of transatlantic interest rates provided the primary impetus as business on the London Stock Exchange showed a marginal increase during November.

Turnover in all securities rose by a meagre 0.36 per cent, or £1.21bn, to £34.85bn. The Financial Times turnover index for all securities rose to 1,067.8 – the highest since the previous record 1,160.7 in March this year. This was despite there being 22 trading days in November – one fewer than the previous month.

The overall number of bargains transacted, however, showed a slight contraction, by 2,154 to 492,362. The average value per equity bargain was unchanged at £17,400.

The debut of British Telecom increasingly occupied investment horizons as the month progressed, with many market dealers reporting reduced activity as investors appeared reluctant to commit funds in front of last Monday's launch.

The announcement towards the end of November that the BT issue price would be set at 130p found widespread favour and the FT Ordinary share index, aided by renewed U.S. support for leading UK industrial concerns, attained an all-time high of 929.2 on November 28 before closing the month a net 29.3 points up at 917.3.

Turnover in ordinary shares fell 1.90 per cent, or £0.13bn to £6.70bn and the Financial Times turnover index for ordinary shares eased to 1,194.8 compared with October's measure of 1,217.9.

Government securities opened the month on a firm footing on hopes of a reduction in interest rates – soon justified as the clearing banks reduced base lending rates to 10 per cent after favourable money supply figures and a cut in U.S. primes. Thereafter optimism continued unabated, reflecting a generally resilient performance by sterling. A further drop in intervention rates finally signalled a reduction to 9½ per cent.

The FT Government Securities index rose to 83.43 on November 13 and closed the month 1.64 points up on balance at 83.00.

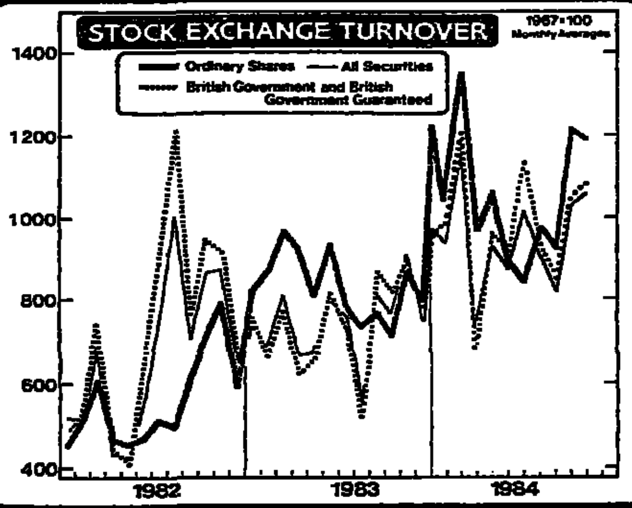
Turnover in gilt-edged securities rose 4.59 per cent, or £1.13bn, to £25.74bn. Business in shorts accounted for the increase, rising 13.44 per cent, or £1.99bn, to £16.78bn, but that in longer-dated maturities and irredeemables declined 8.75 per cent, or £0.86bn to £8.96bn. The Financial Times turnover index for government securities rose to 1,089.5 from October's 1,041.7.

Currency fluctuations played a leading role in boosting South African gold shares over the month. A downturn in the dollar in the early part of the period and an accompanying rise in the rand lifted the gold mines index 36.6 to 544.3. Bullion touched $350 at one point but subsequently fell back to show a $4.50 loss over the month at $329.25.

	Value £m	% of total	No. of bargains	% of total	Average daily value £m	Average bargain value £000's	Average no. of daily bargains
BRITISH FUNDS							
Short-dated (5 years or less to run)	16,777.6	48.1	31,611	6.4	762.6	530.8	1,437
Others (over 5 years)	8,963.3	25.7	40,691	8.3	407.4	220.3	1,850
Total	25,740.9	73.8	72,302	14.7	1,170.0	356.0	3,287
IRISH FUNDS							
Short-dated (5 years or less to run)	829.3	2.4	1,482	0.3	37.7	559.6	67
Others (over 5 years)	654.2	1.9	2,097	0.4	29.7	312.0	95
UK LOCAL AUTHORITY	385.9	1.1	3,711	0.8	17.5	104.0	169
OVERSEAS GOVERNMENT	198.3	0.6	2,471	0.5	9.0	80.3	112
OTHER FIXED INTEREST	341.2	1.0	25,204	5.1	15.5	13.5	1,146
ORDINARY SHARES	6,695.6	19.2	385,095	78.2	304.3	17.4	17,504
TOTAL	34,845.4	100.0	492,362	100.0	1,583.7*	70.8*	22,380

* Average of all securities

Source: Stock Exchange publications



OVER-THE-COUNTER

Continued from Page 32

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

N–N, O–O, P–Q, R–R, S–S, T–T, U–U, V–V, W–W, X–Y–Z

FT COMMERCIAL LAW REPORTS

U.S. request for documents granted

IN RE ASBESTOS INSURANCE COVERAGE CASES

Court of Appeal (Lord Justice Eveleigh, Lord Justice O'Connor and Lord Justice Slade): November 20 1984

THE ENGLISH court may order a person to produce a specified document in response to letters rogatory issued by a foreign court if it is shown that the document probably exists and, on the balance of probabilities, is in his possession; and where documents are requested compendiously, they are sufficiently "specified" if they are identifiable through lists or descriptive information in attached appendices.

The Court of Appeal so held when dismissing the major part (Lord Justice Slade dissenting) of an appeal by insurance brokers, Sedgwick Group PLC, Sedgwick Overseas and Sedgwick North America Ltd, from Mr Justice McNeill's decision that they should produce documents required for clarification of issues in California proceedings between insurers and four asbestos manufacturers. An appeal from his decision that certain witnesses should attend the Californian proceedings was dismissed unanimously.

The judge's order was made in response to letters rogatory issued by the Superior Court of the State of California as provided for by the Convention on the Taking of Evidence Abroad in Civil or Commercial Matters, signed at the Hague on March 18 1970.

The Convention is given effect in the UK by the Evidence (Proceedings in Other Jurisdictions) Act 1975. Section 2 of the Act empowers the English court to make provision for examination of witnesses and production of documents.

Section 2(4) provides: "An order under this section shall not require a person— (a) to state what documents . . . are or have been in his possession . . . or (b) to produce any documents other than particular documents specified . . . appearing to the court . . . to be, or to be likely to be, in his possession. . . ."

* * *

LORD JUSTICE EVELEIGH said that four American asbestos manufacturers were engaged in disputes with insurers in the Californian court. Lloyd's underwriters were involved.

The manufacturers sought to obtain proof of the existence and contents of policies, and if necessary, to reconstruct their terms by reference to standard terms in operation at the relevant times.

On the application of the manufacturers, letters rogatory were issued in California, requesting the assistance of the English High Court. Section 2 of the Evidence (Proceedings in Other Jurisdictions) Act 1975 empowered the court, *inter alia* to make provision for the examination of witnesses orally or in writing, and for the production of documents.

Subsections (3) and (4) of section 2 made it clear that the court would not lend its assistance for the purpose of pre-trial discovery of documents or for oral discovery, as was permitted in the U.S.

The court could only order oral evidence to me taken where it could be ordered in the UK for civil proceedings, with the further limitation that although a person might be a witness for certain matters, he should not be required to state what documents were or had been in his possession.

Insofar as documents were concerned subsection 4(a) and (b) operated together. Subsection 4(a) excluded an inquiry into what documents a person had, and subsection (4)(b) limited production to particular documents specified in the order.

Mr Burton for the manufacturers, submitted that the object of the application was to obtain evidence for the trial, not to obtain evidence which might lead to evidence for the trial. In other words, he said that it was not a case where anything in the nature of pre-trial discovery was sought.

That, however, was not conclusive. Of course what was obtained would be used at the trial if it was of value, but as Lord Fraser said in re Westinghouse [1978] AC 641 "the question . . . is whether the court should be satisfied . . . that the requests made in the letters rogatory are for evidence . . . or whether they are truly for a wider discovery. Unless the application passes through this filter no order can be made."

The request for documents was directed to Sedgwick. They were treated as one group. The original request from the Californian court included a request for production of the "written instructions" from the manufacturers to Sedgwick "to obtain the insurance policies set forth in Exhibit 1 hereto."

Objection was made to production on the ground that the documents were not sufficiently particularised.

The extent to which information must be given before a document could be identified must vary greatly in every case. The statute laid down no special indicia by which a document must be identified.

The fact that several documents might be asked for compendiously did not necessarily mean that no document was individually specified. The comprehensive formula might be no more than a matter of drafting.

Thus it would have been possible to set out each of the policies appearing in Exhibit 1 and to make a request in terms of subsection (4)(b) in relation to each. If the request were read in that way, as it should be, it was clear that the brokers could go straight to their files and pick out the required document.

In *Westinghouse* at page 635 Lord Diplock said that the specification of "particular documents" called for by subsection (4)(b) meant "individual documents separately described."

But he was not saying that each individual document must be separately listed as one document and then described with a particularity that might be expected from a person who had it in his hand.

It was enough for an applicant to show that there probably was a document which, on the balance of probabilities, was in the broker's possession, and that he made his application in the *bona fide* belief that that was so.

The request for production of "the written instructions" in the present case satisfied the foregoing tests and Mr Justice McNeill was right to allow it.

A request for production of "written applications for insurance . . . reflecting the insurance policies specified in Exhibit 1 hereto" would not be allowed.

The evidence was that Lloyd's practice was for the broker to present a slip when making an oral request for cover, and further information might be given orally. Matters of importance were revealed in instructions attached to the slip.

There was no objection to the production of slips or cover notes, but as to written applications, the brokers would have to search through their files because of a remote possibility that there might be some other document which could be called a written application.

The request would impose on them the duty to give general discovery, which subsection (4)(a) did not permit. It was regarded as "fishing."

Objection was also made to a request for production of "the written instructions" to the brokers from the manufacturers to obtain excess insurance policies issued to the manufacturers' predecessors relating to personal injuries and property damage during periods "set forth in Exhibit 4 hereto."

Lord Diplock in *Westinghouse* indicated that a request for a class of document was bad. But one must distinguish between a class of document as opposed to several identifiable documents bearing the same description.

A request for specific documents and "any letters or other documents referred to therein" as in *Westinghouse* was clearly fishing. It required the recipient to reveal the existence of written matter which might or might not exist.

Exhibit 4, on the other hand, set out a list of seven companies which were predecessors of one or other of the manufacturing companies. Against the name of each appeared the period over which it was asserted that policies were issued.

Section 2(4)(b) did not say that the request must be for an individual document described with particularity. The words were "particular documents specified . . ."

There was no challenge to the *bona fides* of the manufacturers. They knew the brokers arranged policies in relation to personal injuries and property damage for their predecessor, and it was those they were asking for while being unable to describe them more specifically.

They were therefore entitled to the documents requested.

The applicants also wanted exemplars (specimen copies) of Price Forbes policies which were used in the London insurance market during a certain period. That was sufficiently specific. They did not ask for "any document whatever" which might contain terms of insurance cover available. The judge was right to order production.

An order requiring the attendance of witnesses also was properly made.

It was said that one of them was only able to give limited evidence. He could, however, give certain evidence which was relevant. If on examination he were asked questions beyond his competence he could say so. Such a situation was frequently met in the courts. The judge took the view that he could give relevant evidence and consequently that he should attend for examination. He was not wrong to reach such a conclusion.

The appeal should be allowed to the limited extent indicated.

*

LORD JUSTICE SLADE agreed that the appeal should be dismissed so far as it related to oral evidence. But he would allow it so far as it related to the written instructions . . . to obtain the insurance policies," the "written applications for insurance" and the "exemplars"— principally on the ground that in his view the evidence showed that the orders would be for production of classes of documents, not particular documents, and thus would infringe section 2(4)(b).

However, since Lord Justice O'Connor agreed with Lord Justice Eveleigh, the appeal would be allowed only as to the "written applications for insurance . . ."

For the manufacturers: Michael Burton QC (Coward Chance).

For the brokers: Nicholas Phillips QC and Christopher Symons (Herbert Smith and Co.).

By Rachel Davies
Barrister

Residential Property

Rentals

Motor Cars

Leasing

Wanted

Holidays & Travel

Restaurants

Clubs

Art Galleries

Personal

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS, HP AND LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BEERS, WINES—Cont.

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

[illegible]

Australians

[illegible]

Tins

[illegible]

Miscellaneous

75	32	♥Anglo Utd. Dev.	34	......	—	—	—
370	210	♥Centennial Min'ls.	310	......	—	—	—
175	80	♥Colby Res Corp.	85	......	—	—	—
955	550	Cons. Murch. 10c	675	......	♦Q100c	1.4	6.5
36	25	♥Essex Int. Ir10p	31	......	—	—	—
252	160	Hampton Areas 10p	160	−3	3.75	2.1	3.1
225	140	♥Highwood Res.	185	......	—	—	—
£24½	£16	Homestake Mining $1	£20½	+⅛	Q20c	—	0.5
245	135	♥McFinley Red Lake	240	−5	—	—	—
240	101	♥Musto Explorations	195	−2	—	—	—
55	23	♥New Sabina Res C$1	30	......	—	—	—
365	220	Northgate C$1	280	......	—	—	—
718	500	RTZ	617	+7	†18.0	2.7	4.2
£155½	£113½	Do. 9½pcLn '95-2000	£134½	+1	Q9½%	35.4	†7.3
£11¼	850	♥Tara Explo $1	912	−13	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- ●+ Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ✤ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ✤ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- † Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¢¢ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.
Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	86	......	Arnott	158	......
Craig & Rose £1	£11xd	......	CPI Hldgs	52½	......
Finlay Pkg. 5p	42	......	Carrol Inds.	128	......
Higsons Brew	85xd	......	Dublin Gas	45	......
Holt (Jos) 25p	890	......	Hall (R. & H.)	48	......
IoM Stm. £1	106	−1	Heiton Hldgs.	15½	......
IRISH			Irish Ropes	33	−2
Exch. 12% 1985	£98¾	......	Jacob (W.& R.)	65	......
Nat. 9¾% 84/89	£82½	......	TMG	67	......
Fin. 13% 97/02	£85⅞	......	Unidare	80	......

OPTIONS — 3-month call rates

Industrials	p	Hanson Tst.	22	Vickers	15
Allied-Lyons	15	Hawker Sidd	38		
BAT	38	Hse of Fraser	28	**Property**	
BOC Grp	24	ICI	50	Brit Land	14
BSR	15	'Imps'	14	Cap Counties	18
Babcock	23	Jaguar	18	Land Secs	24
Barclays Bank	42	Ladbroke	28	MEPC	30
Beecham	30	Legal & Gen	42	Peachey	24
Blue Circle	46	Lex Service	32	Samuel Props	14
Boots	18	Lloyds Bank	42	Sterling Guar.	5½
Bowaters	16	Lucas Inds	24		
Brit Aerospace	34	Marks & Spcr	10	**Oils**	
Brit. Telecom	7½	Midland Bk	33		
Brown (J.)	3	NEI	9	Brit. Oil & Min	4½
Burton Ord	32	Nat West Bk	54	Brit Petroleum	38
Cadburys	14	P & O Dfd	24	Burmah Oil	19
Comm Union	15	Plessey	20	Charterhall	6
Courtaulds	11	Polly Peck	10	Premier	6
Debenhams	19	Racal Elect	24	Shell	55
Distillers	24	RHM	10	Tricentrol	22
Dunlop	5	Rank Org Ord	24	Ultramar	22
FNFC	7	Reed Intnl	50		
Gen Accident	42	Sears	7	**Mines**	
Gen Electric	28	TI	18	Charter Cons	21
Glaxo	90	Tesco	8	Cons Gold	42
Grand Met	26	Thorn EMI	42	Lonrho	14
GUS 'A'	55	Trust Houses	12	Rio T Zinc	60
Guardian	58	Turner Newall	9		
GKN	16	Unilever	80		

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 35

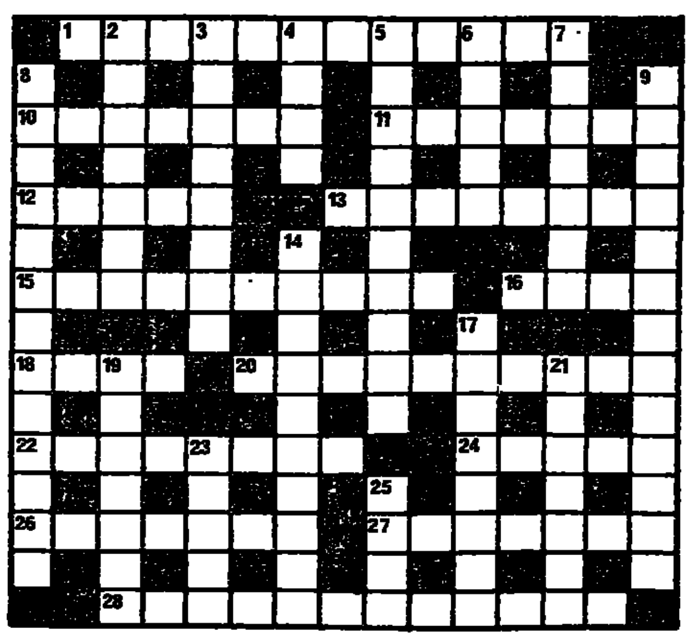
This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

F.T. CROSSWORD PUZZLE No. 5,587



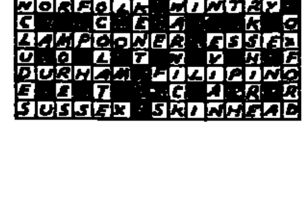
ACROSS

1 "Learn ABC" Tech ordered, having freedom of action (5-7)
10 Number 11 sometimes is to continue longer (7)
11 Side always—not back (7)
12 Admit end of lightning precedes storm (5)
13 Recommend a defender (8)
15 11 gain, losing nothing, then upset, weakening (10)
16 Time to change article? (4)
18 Resort in one's territory (4)
20 The globe of an illusionist? (5-5)
22 Secure prisoner—a worker with copper (very strong) (8)
24 Football Association in the end returning as illegal body (5)
26 Quack politician—one in fine surroundings (7)
27 Lauda with tyre's extremities that could be flatter (7)
28 The tendency making up puzzle is giving new fashion (12)

DOWN

2 Ace taut? Loosen, to get into operation (7)
3 The stretch I have is pulling (7)
4 Mad cricketers (4)
5 Rough beard on a Scot (a Scot?) (10)
6 Summary of doctrine in sacred order (5)
7 Get out, being caught following a wide? (5)
8 Clapper in brass is not to be taken seriously (6-2-5)
9 Acts as go-between during school session, ie dates worked (13)
14 Severe-looking, frets, caned violently (5-5)
17 Could be worn by the sea (8)
19 Toddlers play area producing end of lead paints? (7)
21 Burden to forbear? (7)
23 Scientist—one in act of healing (5)
25 Tennis star to go through with difficulty (4)

SOLUTION TO PUZZLE No. 5,586



INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

Royal Bank of Canada Funds
PO Box 246, St Peter Port, Guernsey 0481 23021

Canadn Fd C$9.98 10.51 .... —

RBC Intl Currencies Fd Ltd
U.S. $ $23.84 +0.01 —
Canadian $ C$27.62 +0.01 —
£ Sterling £11.87 .... —
D Mark DM54.35 .... —
Swiss Franc SF42.06 +0.01 —
Japanese Yen Y6.616 +1 —
Managed Fund $22.18 .... —

Royal Trust Intnl Fd Mgmt Ltd (x)
PO Box 194, St Helier, Jersey. 0534 27441
StrlFxdFd S£0.888 0.900 .... 9.16
Intnl Secs $1.104 1.147 .... 0.93
Intl Bd $0.779 0.789 .... 9.95
Prices on Nov 28. Next dealing Dec 5.

SCI/TECH SA
2 Boulevard Royal, Luxembourg.
SCI Tech NAV $9.83 .... —

Save & Prosper International
PO Box 73, St Helier, Jersey. 0534 73933
Fixed Interest Funds
DM Bd DM10.78 11.37 +0.02 4.84
$ Fxd Int $7.57 8.09xd +0.01 10.98
Stlg Fund 110 3 116.7xd +0.7 12.00
Yen Bond Y1.461 1.543 +2 2.92
Equity Funds
GlobIPfcFd $4.61 4.97 .... 0.83
UK Growth 160.5 173.6 +0.3 1 75
Intnl Grwth $9.84 10.64 +0.04 1.03
Far Eastern $20.08 21.71 +0.05 0 35
Nth Amer $7.50 8.11 −0.04 0.11
Gold $9.89 10.70 +0.05 2.99
Multicurrency Reserve Funds
U.S $ 1.00 — 9 47
D-Marks 10.00 — 3.98
£ Sterling 1.00 — 8.11
Yen 100.0 — 5.02
Deposit Fund
SterlDeposit 192.0 192.1 .... 0.13
All funds are daily dealings.

Schroder Mngt Services (Jersey) Ltd
PO Box 195, St Helier, Jersey. 0534 27561
Schroder Money Funds Ltd
Sterling £15 6673 .... 9.79
U.S. $ $29.6110 .... 9.31
Deutschmrks DM54.2729 .... 4.59
Swiss Francs SF52.9975 .... 3.85

J. Henry Schroder Wagg & Co Ltd
120, Cheapside, EC2. 01-382 6000
AmInNv21 $23.81 — 0.40
AsFdNv19 $23.50 24.64 .... 3.73
ChosoDec3 $12 09 — −0.05 2.96
OrleFdDc4 A$3.46 3.69 .... 3.8
JapFdNv29 $17.01 18.28 .... 0.22
TrisFdOc31 $16.04 17.03 .... —
N&TNv29 $35.42 — .... —

Schroder Unit Trust Mgrs Intl Ltd
Box 273, St Peter Port, Guernsey. 0481 28750
Mgd Curr* 591.3 623.2xd −1.8 6.42
£ Fxd Int* 625.4 659.7xd +3.7 7.58
£ Equity* 169.6 181.3 +0.1 2.21
$FxdInt* $1.074 1.155 +0.004 8.66
$ Equity* $1.432 1.531 −0.012 0 .64
HK Fd* $8.082 8 643 +0.053 2.31
Schroder Life Assurance Int Ltd
MgdCrLFd 677.7 728.1 −9.0 —
£FxdIntLFd 786.2 844.8 +2.2 —
£EqtyLfFd 179.8 193.1 +1.9 —
$FxdItLFd $1.411 1.516 +0.001 —
$EqtyLfFd $1 471 1.581 −0.067 —
£MgdLfFd $126.1 135 5 −0 7 —
HK Lf Fd 7.505 8.064 +0.022 —
Prices on Dec 5. Next dealing Dec 12.
*Daily dealing.

Scrimgeour Kemp-Gee Mngmt Jersey
1, Charing Cross, St Helier, Jersey. 0534 73741
SKG Cap Fd 303.1 312.3xd .... —
SKG Inc Fd 64.0 66.0xd 7.44
Gilt Bond 173.1 132.3 .... —

Securities Selection Ltd
Bermuda Hse, St Peter Port, Guernsey. 0481 26268
Forexfund $7.59 7.93 .... —

Sentry Assurance International Ltd
PO Box 1776, Hamilton 5. Bermuda 55303
For Funds Prices Phone UK 0908 670505 (24 hrs).

Singer & Friedlander Ldn Agents
21 New St, Bishopsgate, EC2M 4HR. 01-623 3000
Dekafds DM27.47 28.91 .... 6.84
TkyoTNv2 — $64.00 .... 2.40

Standards Chartered Off Money Mkt Fd
PO Box 122, St Helier, Jersey. 0534 74454
Sterling £11.1038 +0.0027 8.98
U.S. $ $22 4491 +0.0054 8.73
D-Mark DM52.914 +0.0067 4.65
Swiss Fr SF41 4963 +0.0038 3.33
Jap Yen Y5,338.1361 +0.7706 5.23

State St Bank Equity Hldgs NV
Car Mgt Co, 6 John B. Gorsiraweg, Curacao.
Net asset value Nov 27 $7.94.

Strategic Metal Trust Mngrs Ltd
48 Athol Street, Douglas, IoM. 0634 26866
Strg Mt $0.9142 0.9413 .... —

Stronghold Management Limited
PO Box 315, St Helier, Jersey. 0534 71460
Cmdty Tst £63 30 66 63 .... —

Surinvest (Jersey) Ltd
4 Hill St, Douglas, IoM. 0624 29441
Copper Tst £13.93 14.73 +0.12 —

TSB Trust Funds (CI)
26 Hill St, St Helier, Jersey (CI). 0534 73494
TSB Gilt Fd 103.0 106.0 +1.0 11.3
TSBGiltFdJy 103.0 106.0 +1.0 11.3
TSB Jy Fd 96.9 102.0 +1.2 3.7
TSB Grnsy Fd 96.9 102.0 +1.2 3.7
TSBCrncyFd 102.4 107.6 −0.1 —
Prices on Dec 5. Next sub day Dec 12.

Taiwan (ROC) Fund
c o Vickers da Costa Ltd, King William St, London, EC4. 01-623 2494
NAV $459.1DR value US$11,634.98.

Target Trust Mngrs (Jersey) Ltd
PO Box 194, St Helier, Jersey. 0534 72936
Man Cur Fd 104.6 110.3 −0.1 4.1

Tennent (Cayman) Managers Ltd and NATICO
PO Box 2189, Grand Cayman. 0101 (809) 9497436
Wstmstr Cm $8.33 8.79 .... —

Tokyo Pacific Holdings NV
Intimis Management Co NV, Curacao.
NAV per share $138.04

Tokyo Pacific Hldgs (Seaboard) NV
Intimis Management Co NV, Curacao.
NAV per share $100.73.

Tyndall Bank (Isle of Man) Ltd
30, Athol St, Douglas, IoM 0624 29201
Stg Mny Fd — — 9 2
US$ Mny Acc — — 8.0

Tyndall Managers
2 New St, St Helier, Jersey. 0534 37331
TOFSL 195.4 209.7 .... 1.1
American 210.4 226.8 .... 1.7
Far Eastern 263.4 282.0 .... 0.8
European 113.8 122.0 .... 0.8
Prtflo Man 105.3 113.0 .... —
Prtflo Amer 101.7 109.6 .... —
PrtfloS1FEst 108.4 116 1 .... —
PrtfloS1Euro 107.0 114.6 .... —
Jersey Fd 172.4 188.4xd 5 2
(Nn-PacUts) 422.2 461.0 .... —
Gilt Fund 116.6 118 8xd 10.0
(Accum Shs) 315.0 320.6 .... —
Victory House, Douglas, IoM. 0624 2411
High Inc Gilt 111.8 114.2xd 12.2
(Accum Shs) 214.8 219.0 .... —

Tyndall International Assurance Ltd
Albert House, St Peter Port, Guernsey 0481 2706
Int Equity 442.8 466.2 .... —
Do $ 5.270 5.550 .... —
Pacific Eqty 136.4 143.6 .... —
Do $ 1.620 1.710 .... —
N Amr Eqty 94.0 99.0 .... —
Do $ 1.115 1 175 .... —
UK Equity 301.2 317.1 .... —
Do $ 3 585 3.775 .... —
Euro Eqty 119.4 125.7 .... —
Do $ 1.420 1.495 .... —
Intl Fxd Int 463.5 487.9 .... —
Do $ 5.515 5.810 .... —
Stg Fxd Int 276.9 291.5 .... —
Do $ 3 295 3.470 .... —
$ Deposit 146.1 153.8 .... —
Do $ 1.735 1 830 .... —
Stg Deposit 156.7 165 0 .... —
Do $ 1 865 1.965 .... —
Commodity 444 6 468.0 .... —
Do $ 5 290 5 570 .... —
Gold 841 88.6 .... —
Do $ 1 000 1.055 .... —
UK Prpty 195.1 205 4 .... —
Do $ 2.320 2.445 .... —
Intl Mangd 367.7 387.1 .... —
Do $ 4.375 4.610 .... —
UK Mangd 262.0 275.8 .... —
Do $ 3.115 3.280 .... —

Tyndall-Guardian Mngt Ltd
PO Box 1256, Hamilton, Bermuda.
T-G American $19 85 .... —
T-G Money $24.07 .... —
T-G Eurobond $16.69 .... —
T-G Commodity $22.22 .... —
T-G Mortgage C$22.15 .... —
T-G Overseas $10 94 .... —
T-G Pacific Y2.058 .... —
T-G Wall Street $25.61 .... —
T-G Gold $8.06 .... —

M. G. Tyrrell & Co Ltd
PO Box 415, London W13 9NY.
Ortac $11.65 11.95 .... —

Unico Invest Fd Mgt Co SA Lux
London & Continental Bankers Ltd.
2 Throgmorton Ave, London. 01-638 611
UC Inv Fd 370.29 72.40 +0.20 —

Union-Investment-Gesellschaft GmbH
Postfach 16767, D 6000, Frankfurt 16.
Unifds DM19.64 20.70 +0 10 —
Unirak DM71.25 74.85 +0.20 —
Unirenta DM39.77 41.00 .... —

United Fund Managers Ltd
1G-18 Queens Rd Central, Hong Kong 5-231417
S-Mly T 9.00 9.39 .... 10.0
For Vanbrugh Currency Fund see Holborn Fund Management (Jersey) Ltd.

S. G. Warburg & Co and subsdrs
33 King William St, EC3R 9AS. 01-280 222
Engy Intnl $42 58 — .... —
EurbdN28 $16.17 16.32 .... 7.4
SRsN20 15.68 16.24 .... 1.5
39-41 Broad Street, St Helier, Jsy, CI. 0534 7471
CmnMkt $28.12 28.83 .... 1.3
Far East $27.14 27.83 .... 0.9
Transatl £25.98 26.64 +0.17 1.8
Metals £13.42 13.76 .... 3.0
Sel Mkt £21.33 21.87 −0.06 1.3

Mercury Money Market Trust Ltd
D-Mark DM79.34 +0.02 —
Dutch Guilder DFl106.79 +0.03 —
Japanese Yen Y8.004 +2 —
£ Sterling £20.02 +0.01 —
Swiss Franc SF77.49 +0 02 —
U.S. $ $33.89 +0.02 —
1 Thomas St, Douglas, IoM. 0624 485
Mec IoM 57.9 61.7xd .... 7.
MercIntBond 40.9 43 6xd −0.1 7.

Wardley Fund Managers (Jersey) Ltd
HK Bk Bldg, Grenville St, St Helier. 0534 7146
MrcInBdFd 40.9 43.6xd 7
Wrdly Gt Fd 101.0 105.0 .... 10.7

Wardley Investment Services Ltd
4th Floor, Hutchinson House, Hong Kong.
WrdlyBdTst $5.31 5.68 −0.05 1.4
WrdyNKAF $26.11 27.70 −0.1 5.4
WrdlyBdT $10.32 10.90 −0.10 7.4
WrdlyJapt $33.79 35.82 +0.62 0.2
WrdlyPvCT $10.16 10.70 .... 2.0

West Avon Secs (Guernsey) Ltd
Borough Hse, St Peter Port, Guernsey. 0481 2796
Gilt&OptFd $1.19 1.24 .... 5.0
U.S. & Opt $0.94 *0.99 −0.01* —

World Wide Growth Management
10a, Boulevard Royal, Luxembourg.
WwdGthFd £11.34 — .... —
Inv. Adv., M & G Inv. Mngt. Ltd, London.

Wren Commodity Management Ltd
10, St George's St, Douglas, IoM. 0624 25015
Wren Com Fd 12.8 13.3 .... 3.1
Chinese Fd 59 9 62.4 .... 1.7
PrecMedFd 122.7 127.8 .... 8.3
VangCmdyFd 25.0 25.7 .... —
FinFuturesFd 32.4 33.8 .... —

Yamaichi Dynamic Mngt Co SA
10a Boulevard Royal, Luxembourg.
Dynamic Gth Fd $9.18 .... —

Money Market Trust Funds

	Nom	Apr	Int Cr	Notice
The Money Market Trust				
63 Qn Victoria St, EC4N 4ST. 01-236 095				
Call Fund	9 30	9.55	6mth	Call
7-day Fund	9.62	9.89	6mth	7-day
Oppenheimer Money Management Ltd				
66 Cannon St, EC4N 6AE. 01-236 142				
Call Fund	9.03	9 23	6mth	Call
7-day Fund	9 51	9.73	6mth	7-day
MnyMgAc	8.875	9 173	3mth	Call
Dollar	7.62	7.76	6mth	2-day

Money Market Bank Accounts

	Nom	Apr	Int Cr	Notice
Aitken Hume				
30 City Road, EC1Y 2AY. 01-638 6070				
TreasuryAcc	9.50	9.84	Qtr	Call
Mth Int Chq	9.375	9.7 9	Mth	Call
Bank of Scotland				
38 Threadneedle St, EC2P 2EH. 01-628 806				
Cheque Acc	9.20	9.60	Mth	Call
Barclays Prime Account				
PO Box 125, Northampton. 0604 25289				
High Int Chq	9.25	9.57	Qtr	Call
Britannia Grp of Investment Companies				
29 Finsbury Circ, EC2M 5QL. 01-555 277				
Cater Allen	9.25	9.652	Mth	Call
Charterhouse Japhet plc				
1 Paternoster Row, EC4M 7DH. 01-248 399				
Sterling	9.50	9.92	Mth	Call
U.S. Dollar	8 50	9.96	Mth	Call
German Marks	5.0	5.19	Mth	Call
Swiss Franc	2.0	2.05	Mth	Call
Japanese Yen	5.0	5.19	Mth	Call
Choulartons				
30 Ashley Rd, Altrincham, Cheshire, WA 2DW. 061-928 901				
Cheque Acc	10.25	10.75	Mth	Call
Co-operative Bank				
78-80 Cornhill, EC3. 01-626 6543 Ext 48				
Over£1,000	8.00	8.24	Qtr	Call
Over£1,000	10.00	10.38	Qtr	Call
Dartington & Co Ltd				
Dartington, Totnes, Devon, TQ9 6JE. 0803 86227				
MnyMktAcc	9.50	*9.84*	Qtr	Call
Henderson/Bank of Scotland				
38 Threadneedle St, EC2P. 01 628 806				
MnyMktChqAcc	9.20	9.60	Mth	Call
Lombard North Central plc				
17 Bruton St, W1A 3DH. 01-409 343				
Notice Dep	9.875	10.12	Rate	14-day
M & G Kleinwort Benson				
91-99 New London Rd, Chelmsford. 0245 5165				
HighInChqAc	9.25	9.70	Daily	Call
Midland Bank plc				
PO Box 2, Sheffield. 0742 20999 Ext 87				
High Int Chq	9.50	9.84	Qtr	Call
Save & Prosper/Robert Fleming				
28 Western Rd, Romford, RM1 3LB. 0708 66				
HighIntMktAc	9.00	9.41	Daily	Call
Premier Acc	9.00	9.41	Daily	Call
Tyndall & Co				
29-33 Princess Victoria St, Bristol BS8 4BX. 0272 73224				
Demand Acc	9 31	9.63	Qtr	Call
Money Acc	9.375	9.71	Qtr	Chq
J. Henry Schroder Wagg & Co Ltd				
Enterprise House, Portsmouth. 0705 82773				
SpecialAcc	9.25	9.65	Mth	Call
Over £1,000	8.50	9.92	Mth	Call

NOTES—Interest rates given both as nominal rate and an annual percentage rate adjusted for frequency of interest credit.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix to U S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered prices includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ● Yield column shows annualised rates of NAV increase.

COMMODITIES AND AGRICULTURE

World coarse grain crop may reach record level

BY NANCY DUNNE IN WASHINGTON

THE WORLD may produce a record coarse grain crop in 1984-85 with production hitting the 789.3m tonne level, the U.S. Agriculture Department reported at its annual outlook conference.

U.S. coarse grain production is expected to soar next year from 136.7m tonnes to 232.7m tonnes. Foreign output, which rose almost 5 per cent last year, is expected to rise from 552.7m tonnes to 556.7m tonnes.

Overall, the world outlook is not encouraging for agricultural producers. The department forecasts slower demand growth than in the last decade as several developing countries face continued financial problems and large debt servicing requirements.

Department analysts said: "It seems that future capacity to produce agricultural products far exceeds the likely level of demand, although there could be years of production shortfalls because of adverse weather."

The volume of U.S. agricultural exports is forecast to increase in 1985 for the first time in five years. The department predicts a 4 per cent increase to 149.5m tonnes. However, lower prices may cause a decline in value to $36.5bn (£30.2bn) down 4 per cent from $38bn in 1984.

Global trade in coarse grains is expected to rise sharply next year after declines in 1981-82 and 1982-83 and near stagnation in 1983-84. The EEC may become a net coarse grain exporter for the first time this year.

Competition will continue to be strong among wheat exporters. Supplies in 1984-85 are large, but increased demand, especially from the Soviet Union, and reduced supplies for several producers mean that increased exports will benefit the U.S. and the EEC.

The 1980's are shaping up as the most competitive decade in farm export markets, said Mr Daniel Amstutz, department undersecretary.

He said: "Virtually everywhere in the world, farmers have more production potential and more incentive to use it. New developments in production technology, aided by genetic engineering, mean that record shattering increases in production may be the exception rather than the rule."

Pressure will be on U.S. legislators for export subsidies to promote wheat exporters. The U.S. lost markets to subsidised EEC competition, the department said, as community net expenditures for agricultural export subsidies rose more than a quarter between 1979 and 1983.

Long-term conditions for soyabeans point to supplies exceeding demand, as stocks remain large and many importing markets continue to have economic difficulties, the department said.

Imports demand is likely to increase in east Asia and, perhaps eastern Europe and Mexico. However, demand growth will slow from previous decades and U.S. production may not exceed the 1979-80 peak year until the end of the 1980's.

If the department retains its support of its domestic sugar growers, then U.S. sugar production is likely to increase next year. Sugar beet acreage appears likely to expand in Michigan and the Great Plains area.

In Louisiana, growers have planted enough cane this autumn to permit recovery from this year's poor crop, the department said.

Farmland prices fall further

A FURTHER decline in UK farmland prices was indicated by Agriculture Ministry figures published yesterday.

The average price for 11,300 hectares of vacant possession farmland changing hands in England and Wales in the three months ended October was £3,942 a hectare, down from £4,167 in the three months ended September.

The weighted average price, allowing for area and size group variations in the sample, was £4,276 a hectare, compared with £4,444.

● U.S. Agriculture Department will release its major crop reports and supply and demand estimates on the same day during the second week of the month, from next month, said Mr John Block, the Agriculture Secretary.

The change in the reporting system, upon which crop forecasters depend worldwide, results from complaints last year of inconsistencies in several figures and the timing of some of the reports.

Mr Block also announced the appointment of a 12-member panel of experts in statistical methodology and economic analysis to study methods.

● UK beef and lamb consumption has fallen up to 20 per cent since 1980, the market research group Taylor Nelson said yesterday.

It estimated that 133m fewer portions of beef and 54m fewer servings of lamb would be eaten in Britain this year than four years ago.

Mr Mike Watson, the report's compiler, said: "Even the dramatic growth of poultry—up 12 per cent since 1980—cannot compensate the industry for this demise." He said the trend could partly be explained by the movement towards healthier eating.

● INFORMAL consultations on negotiations for a new International Cocoa Agreement began in London yesterday. But delegates said little significant headway was expected.

Speculators blamed for sharp decline in rubber market

BY WONG SULONG IN KUALA LUMPUR

THE SHARP fall in rubber prices in recent weeks to levels which may lead to support by the International Natural Rubber Organisation has disappointed Malaysia, which had earlier expected a good year for producers.

The year had opened on an optimistic note, with prices averaging above 260 Malaysian cents a kilo, and the outlook appeared good. The western economic recovery was continuing apace and car sales in the U.S. were particularly buoyant.

At one stage, Malaysia was entertaining hopes for the disposal of part of the 270,000 tonnes stockpile held by the buffer stock manager. But events soon proved the optimism to be premature. The most important factor which changed the market was the mild winter in southeast Asia, which brought forth plentiful supplies from March onwards.

Since last month, the rubber price has fallen several times below the "May buy" level of 177 Malaysia/Singapore cents a kilo.

A combination of events led to the depressed prices. Sentiment was affected by the withdrawal of buying by the Rubber Smallholders Development Authority (Risda) and this was aggravated by rumours of a Malaysian currency devaluation.

In Thailand, rubber export duty was cut substantially, and this was followed by a big devaluation of the baht, making Thai rubber cheaper to foreign buyers.

Malaysian officials are rather puzzled by the sharp decline in rubber prices. One senior official said: "We do not believe the current price reflects the actual supply and demand situation. The fundamentals are still string as consumption is exceeding supply."

He reckons that a great deal has to do with the work of speculators, operating largely from Singapore, and who are forcing prices down.

The Singapore rubber market is much bigger than Kuala Lumpur's and since it continues with the old whispering system and smaller lot size, it is attracting a substantial amount of business away from Malaysia.

The Inro Council last month decided to defer support operations to await firmer market trends. It was felt it would be unwise for the buffer stock to enter the market early. It needed only to buy another 30,000 tonnes to reach 300,000 and trigger a special Inro session to revise the price band downwards.

Considering the acrimony that attended the last downward price revision in 1982, both producers and consumers are not keen to see another confrontation.

The situation could be complicated if Mr Harvey Adams, the buffer stock manager, goes ahead with his intended resignation.

Mr Adams, an American formerly with Firestone, is known to be unhappy with the constraints of the job and Inro's growing politicisation.

The 32 members have agreed to begin negotiations in Geneva next April on a new rubber agreement. Some tough negotiations lie ahead. There are three issues where producers and consumers do not see eye to eye.

First, producers want a revision of the Inro price range of 166 to 246 Malaysian/Singapore cents. Malaysia, in particular, being a high cost producer, feels strongly about a revision as the present range was based on production costs of the late 1970s.

Many consuming countries, while receptive to a price revision, are nevertheless against a big increase and will no doubt, draw attention to the current market to back their arguments.

Perhaps a more controversial issue is Malaysia's proposal that supply rationalisation measures be incorporated into the next agreement.

This would allow producers, in the event of a sharp price fall, to reduce supply collectively or individually through work stoppage, ban on the use of stimulants and buildup of stocks.

Consumers interpret these supply rationalisation measures as export control. The U.S. is insistent to have nothing to do with this.

A related point is the size of the bufferstock. Consumers are happy with the present maximum size of 550,000 tonnes. Producers want the size reduced, partly to minimise financial contributions, but largely because they feel the buildup of too big a stockpile would not be in their long-term interests

In recent years, Malaysia and the U.S. have found themselves at loggerheads on commodity issues, while like-minded on basic political outlook.

Both are somewhat disenchanted with the benefit, or lack of it, from international commodity pacts, and both can be expected to adopt hard positions

Metal market quiet

By Our Commodities Editor

ANTIMONY TRADERS are waiting to see the response to the initial offering later this week by the U.S. stockpile authorities, which plan to sell 300,000 lb of surplus antimony per month. Meanwhile, the markets generally remain quiet with consumers reluctant to hold stocks over the Christmas and New Year holiday period.

All prices as supplied by Metal Bulletin.

ANTIMONY: European free market, 99.6 per cent, $ per tonne, in warehouse 3,275-3,375.

BISMUTH: European free market, min 99.99 per cent, $ per lb, tonne lots in warehouse 6.40-6.55.

CADMIUM: European free market, min 99.95 per cent, $ per lb, in warehouse, ingots 1.12-1.18, sticks 1.13-1.20.

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse 11.45-11.60.

MERCURY: European free market, min 99.99 per cent, $ per flask, in warehouse 302-309.

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse 3.00-3.10.

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse 9.20-9.75.

TUNGSTEN ORE: European free market, standard min 65 per cent, $ per tonne unit WO3, cif 74-79.

VANADIUM: European free market, min 98 per cent V2O5, other sources, $ per lb V2O5, cif 2.00-2.15.

Producer list price for selected Metals as recorded in Metal Bulletin.

BISMUTH: UK: MCP-Peko, 99.99 per cent, $ per lb, tonne lots, ex-warehouse 6.50.

COBALT: World, Zaire; Sozacom, $ per lb 12.50.

NICKEL: World, Inco, melting grade, $ per lb, cif Far East and America, delivered rest of world 3.20.

URANIUM: Nuexco exchange value, $ per lb U3O8 16.00.

VANADIUM: Highveld fused min 98 per cent V2O5, $ per lb V2O5, cif 2.41.

ZINC: GOB producer basis, $ per tonne 900.

Welsh dairy farmers want special quota

BY ROBIN REEVES, WELSH CORRESPONDENT

THE FARMERS' Union of Wales has formally asked the Government to press for special treatment for Welsh dairy producers in the forthcoming EEC agricultural price review.

In a memorandum submitted to Mr Nicholas Edwards, Welsh Secretary of State, the union has called for a special reserve milk quota of about 144,000 tonnes to reinstate Welsh producers to their 1983 level of production and mitigate the "appalling consequences" of the present EEC milk production curbs on the Welsh rural economy.

Demanding a slice of the "Community reserve," presently being used to shield mainly Irish dairy producers from the EEC cut, the union notes that this reserve was created for areas where the output curbs are "liable to affect supply and production structures."

The memorandum points out that the imposition of quotas has had a serious impact on the Welsh rural economy. Farmers' co-operatives are showing a 22 per cent drop in trading, a 10 per cent cut in jobs, and a substantial reduction in capital investment.

The future viability of manufacturing creameries, a key provider of jobs in Welsh rural areas, is also threatened, it says.

It has long been Milk Marketing Board policy to direct a higher proportion of milk output into manufacture because of the local producers' distance from the big markets for liquil milk. Cuts have already occurred at creameries to try to contain the effect of falling throughput on unit costs.

● M Michel Rocard, the French Agriculture Minister, is confident that France, the EEC's largest milk producer, will meet its milk production cuts and will not face any superlevy next month.

M Rocard confirmed at the end of last week that France would respect the agreements of last March to reduce European Community milk production. He had been irritated by criticisms of French milk policies by other European countries.

Bad weather lowers Cuban sugar harvest forecast

HAVANA—Cuba's 1984-95 sugar harvest, which has just begun, will not exceed last year's total of 8.2m tonnes, according to Sr Luis Galvez, the country's vice-minister for sugar.

He said adverse weather and a decrease in the amount of cane in the fields were the main reasons. "It was dry for 60 days until mid-November when it should have been wet, and then just as harvesting started it began to rain."

Sr Galvez said there was less cane because cane originally inntended for harvest at the start of this season (from November to May) had been cut at the end of the 1983-84 harvest to meet urgent commitments.

In Peking the Light Industry Ministry said China's 1984-85 refined sugar output would reach a record of around 4m tonnes in the processing season starting this month, about 6 per cent higher than last year's total.

Cane sugar in the south of the country had done well, due to favourable weather, the Ministry said.

Reuter

LONDON MARKETS

LONDON'S base metals and soft commodities markets were quiet yesterday.

The prompt December cocoa quotation ended £9 a tonne higher, reflecting continued concern about the lack of graded beans available for delivery against futures contracts. But the March position closed £3.50 lower. Dealers said the forecast by London merchants Gill and Duffus of a 25,000 tonnes cocoa production surplus for the 1984/85 season was in line with expectations and had no market impact.

Concern about the level of immediately available supplies was also thought to be responsible for a £37.50 a tonne rise in the prompt January robusta coffee quotation. Nearby forward positions registered relatively modest gains while more distant months were down a few pounds.

MAIN PRICE CHANGES

In tonnes unless otherwise stated

	Dec. 4 1984	+ or —	Month ago
METALS			
Aluminium	£1100		£1100
Free Mkt	$1175-1205	+15	$1215/1245
Copper			
Cash h Grade	£1098.5		£1075
3 mths	£1114.25	—3	£1091.25
Gold troy oz	$332	+1.5	$345.75
Lead Cash	£333.5	+3	£349.25
3 mths	£329.75		£344.75
Nickel	£5967		£5868
Free Mkt	212/232c		216/238c
Palladium oz	$139.50	+1	$148.00
Platinum oz	$320.50	+3.25	$332.25
Quick Silver†	$295/305		$300/310
Silver troy oz	588.25p	+1.15	600.30p
3 mths	601.80p	+1.35	614.30p
Tin cash	£9846	+9	£9580
3 mths	£9807.5	—0.5	£9667.6
Tungsten	$83.34		$88.63
Wolfram 22 04lb	$75/77		$80/84
Zinc	£638.5	—7	£631.5
3 mths	£640.5	—6.25	£635.25
Producers	$900		
OILS			
Coconut (Phil)	$990w		$1070
Palm Malayan	$600v		$630
Seeds			
Copra Phil	$560x		$660
Soyabean (U.S.)	$254.7	—0.05	$257.3
GRAINS			
Barley Fut. Mar	£115.80		£110.00
Maize	£146.00w		‡
Wheat Fut. Mar	£113.85	+0.05	£111.20
No2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. Mar	£1848.5	—3.5	£1891.5
Coffee Ft. Mar	£2256.5	+7	£2295.5
Cotton A index	72.10c		‡
Gas Oil Jan.	$231.5	+3	$235.75
Rubber (kilo)	60.5p		59p
Sugar (raw)	$113x	—0.5	$127.5
Woolt'ps 64s	488p kilo		‡

‡ Unquoted. v-Jan. y-Jan-Feb. x Dec-Jan. w Nov-Dec. † Per 75-lb flask. n Nominal. c Cents per pound.

INDICES

FINANCIAL TIMES

Dec. 3	Nov. 30	M'th ago	Year ago
289.77	289.89	292.49	287.92

(Base: July 1 1952 = 100)

REUTERS

Dec. 4	Dec. 3	M'th ago	Year ago
1891.9	1907.0	1887.0	1959.1

(Base: September 18 1931 = 100)

MOODY'S

Dec. 3	Nov. 30	M'th ago	Year ago
985.0	986.0	968.5	1036.6

(Base: December 31 1931 = 100)

DOW JONES

Dow Jones	Dec. 3	Nov. 30	Month ago	Year ago
Spot	125.19	u	126.45	138.32
Fut	126.76	126.66	128.59	145.38

(Base: December 31 1974 = 100)

OIL

Lack of direction kept spot crude trading to a minimum. Demand for prompt North Sea and Arab Light held prices stable to firm. Nymex opened 8c up on Monday's close and at 1 pm EST had traded 19c up. The petroleum products market continued to be inactive. Gas oil was weak during the morning as the IPE gave no lead; later on it firmed as Nymex strengthened. Fuel oil remained stable with limited December supplies balancing buying interest.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arab Light	27.70-27.75	—
Arab Heavy	26.20-27.30	—0.10
Dubai	26.70-26.80	+0.10
Brent Blend	27.25-27.35	+0.10
W.T.I. (1pm est)	27.45-27.50*	+0.225
Forcados (Nigeria)	27.35-27.40	+0.05
Urals	27.50-27.80	—
PRODUCTS—North West Europe "cif" ($ per tonne)		
Premium gasoline	246-248	—1
Gas Oil	224-225	+1
Heavy fuel oil	182-184	—

* Jan.

Petroleum Argus Estimates

GAS OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Dec	229.25	+3.00	229.25-26.75
Jan	231.50	+3.00	231.50-28.25
Feb	231.25	+2.75	231.50-28.80

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	1097.5-8	+6.5	1098-9	—
3 months	1113-.5	+2.5	1114-.5	—5
Settlem't	1098	+6.5	—	—
Cathodes				
Cash	1106-8	—10.5	1112-4	+2
3 months	1120-2	+1.5	1122-4	—1.5
Settlem't	1108	—10	—	—

ALUMINIUM

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	932-3	+5	928-9	—1
3 months	956-7	+4.75	952.5-3.5	—.25

SILVER

Silver was fixed 1.15p an ounce lower for spot delivery in the London bullion market yesterday at 588.25p. U.S. cent equivalents of the fixing levels were: spot 706.8c, up 7c; three-month 722.5c, up 7.2c; six-month 740.2c, up 7.5c; and 12-month 776.8c, up 5.3c. The metal opened at 588-591p (708-711c) and closed at 590½-593½p (714-717c).

GRAINS

Old crop positions remained quiet in a 30p range with good suport at lower levels. January barley saw a reasonable two-way shipper trade in the day. New crops remained steady on Continental demand, reports Muirpace.

U.S. MARKETS

The gold and silver market registered slight losses from light long liquidation by commission houses based on the market's failure to respond favourably to a weaker dollar, reports Heinold Commodities. In subdued dealings copper and aluminium showed slight gains on light technically-based buying by commission houses but resistance remained overhead on the weak tone of the U.S. economy. Sugar firmed on reports of a buying tender by Syria. Coffee was firm as roaster buying emerged prompting short-covering. Cocoa was steady on arbitrage buying and projections by a leading trade house that the surplus will be at the lower end of the expected range. Cotton rose on fears that rain in the Texas high plains will delay harvesting progress.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
Dec	50.65	—	—	50.50
Jan	50.95	50.90	50.90	50.85
March	51.85	52.25	51.80	51.80
May	52.75	53.00	52.70	52.70
July	53.65	53.60	53.60	53.65
Sept	54.55	—	—	54.60
Dec	55.90	—	—	56.00
Jan	56.35	—	—	[illegible]
March	57.25	—	—	57.45

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Latest	High	Low	Prev
Jan	27.51	27.56	27.38	[illegible]
Feb	27.42	27.48	27.30	27.19
March	27.27	27.32	27.19	27.06

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Dec	67.20	67.25	66.25	66.65

OTHER MARKETS

ROTTERDAM

PARIS

MEAT

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Profit taking depresses dollar

The dollar lost ground in currency markets yesterday mainly on profit taking. Although not as spectacular as its rise in October, the dollar had crept quietly firmer from lows touched in early November and some sort of downward correction appeared to be inevitable. In addition corporate demand which had been providing a considerable part of the dollar's firmer trend, tended to slacken as Treasurers awaited a lower dollar before fulfilling end-of-year requirements.

News of a 2.5 per cent fall in U.S. factory orders added to the weaker sentiment although the extent of the dollar's decline may be restricted by last week's much larger than expected rise in U.S. M1 money supply. The dollar closed at DM 3.0590 down from DM 3.1150 on Monday and SwFr 2.5325 compared with SwFr 2.5655. It was also weaker against the yen at Y246.40 from Y248.15 and FFr 9.37 from FFr 9.54. On Bank of England figures, the dollar's trade weighted index fell from 143.3 to 142.2.

STERLING — Trading range against the dollar in 1984 is 1.4995 to 1.1875. November average 1.2415. Exchange rate index 74.7, having touched a high of 74.9 at the opening and a low of 74.6 in the morning and compared with 74.5 at Monday's close and 79.5 six months ago.

Sterling was firmer against the dollar, rising to $1.2090-1.2100 at the colse, a rise of $1.45c. However the dollar's sharp fall against most European currencies dragged sterling weaker on a cross-rate basis to DM 3.7000 from DM 3.7250 and SwFr 3.0625 from SwFr 3.0650. It was also weaker against the French franc at FFr 11.3325 from FFr 11.3900. Elsewhere it rose to Y298.0 from Y296.50.

D-MARK — Trading range against the dollar in 1984 is 3.1410 to 2.5535. November average 2.9906. Trade weighted index 121.1 against 126.7 six months ago.

The dollar was fixed at DM 3.0906 at yesterday's fixing in Frankfurt down from DM 3.1200 on Monday and the Bundesbank sold a token $5.65m at the fixing. There appeared to be little clear indication of any open market intervention by the central bank with the dollar's weaker trend attributed to profit taking. The market remained quiet and the dollar remained underpinned by comparatively high U.S. interest rates and year end demand. However the relatively low volume was giving rise to sharp movements.

Elsewhere sterling was fixed at DM 3.716 from DM 3.714 while the Swiss franc eased to DM 1.2135 from DM 1.2153. Within the EMS the Belgian franc eased to DM 4.97 per BFr 100 from DM 4.9750 and the French franc was lower at DM 32.645 per FFr 100 from DM 32.65.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu December 4	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	44.9523	+0.11	+0.34	±1.5428
Danish Krone	8.14104	8.03752	−1.27	−1.04	±1.6421
German D-Mark	2.24184	2.23389	−0.35	−0.12	±1.1463
French Franc	6.87456	6.84110	−0.49	−0.26	±1.3659
Dutch Guilder	2.52595	2.52071	−0.21	+0.02	±1.5165
Irish Punt	0.72569	0.716811	−1.22	−0.99	±1.6671
Italian Lira	1403.49	1380.65	−1.63	−1.63	±4.0511

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

STERLING EXCHANGE RATE INDEX

	Dec 4	Previous
8.30 am	74.9	74.7
9.00 am	74.6	74.5
10.00 am	74.7	74.5
11.00 am	74.7	74.5
Noon	74.7	74.4
1.00 pm	74.7	74.5
2.00 pm	74.7	74.5
3.00 pm	74.7	74.5
4.00 pm	74.7	74.5

£ in New York

	December 4	Prev. close
£ Spot	$1.2085-1.2100	$1.2025-2035
1 month	0.07-0.05 pm	0.06-0.05 pm
3 months	0.10-0.07 pm	0.09-.08 pm
12 months	0.40-0.50 dis	0.40-0.55 dis

Forward premiums and discounts apply to the U.S. dollar.

POUND SPOT—FORWARD AGAINST POUND

Dec 4	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.1980-1.2110	1.2090-1.2100	0.08-0.05c pm	0.64	0.12-0.08 pm	0.33
Canada	1.5880-1.5975	1.5890-1.5970	0.13-0.22c dis	−1.31	0.40-0.53dis	−1.16
Nethlnd.	4.17-4.20	4.18-4.19	1½-1¼c pm	3.94	4-3¾ pm	3.70
Belgium	74.39-74.88	74.40-74.50	5-10c dis	−1.21	12-22 dis	−0.94
Denmark	13.32-13.37½	13.35½-13.37½	2½-3¼ore dis	−2.52	6½-7 dis	−1.96
Ireland	1.1880-1.1954	1.1892-1.1902	0.46-0.61p dis	−5.38	1.38-1.60dis	−4.98
W. Ger.	3.69½-3.72½	3.69½-3.70½	1½-1¼pf pm	4.66	3¾-3½ pm	3.72
Portugal	198.00-201.25	198.50-201.25	185-625c dis	−24.72	690-1700dis	−23.73
Spain	206.00-206.80	206.00-206.20	50-70c dis	−3.49	150-180 dis	−3.20
Italy	2,282-2,303	2,287½-2,288½	8-11 lire dis	−4.98	23-30 dis	−4.61
Norway	10.77-10.79½	10.78½-10.79½	3-3¾ore dis	−3.75	8½-9¾ dis	−3.34
France	11.32½-11.40½	11.32½-11.33½	½-1½c dis	−1.19	3-4½ dis	−1.26
Sweden	10.60-10.65½	10.60½-10.61½	1½-2¾ore dis	−2.07	7½-8¼ dis	−1.74
Japan	296½-298½	297½-298½	0.85-0.78y pm	3.24	2.49-2.38 pm	3.24
Austria	26.00-26.15	26.00-26.05	4¾-3pro pm	1.78	12-10½ pm	1.78
Switz.	3.04½-3.07½	3.05½-3.06½	1½-1¼c pm	4.90	3½-3¾ pm	4.49

Belgian rate is for convertible francs. Financial franc 75.10-75.20. Six-month forward dollar 0.05c pm-par, 12-month 0.35-0.50c dis.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Dec 4	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.1980-1.2110	1.2090-1.2100	0.08-0.05c pm	0.64	0.12-0.08 pm	0.33
Ireland†	1.0075-1.0200	1.0165-1.0200	0.53-0.46c pm	6.01	1.39-1.28 pm	5.28
Canada	1.3214-1.3234	1.3218-1.3223	0.20-0.23c dis	−1.95	0.47-0.52dis	−1.50
Nethlnd.	3.4540-3.4675	3.4595-3.4605	1.02-0.99c pm	3.48	2.94-2.91 pm	3.35
Belgium	61.50-62.20	61.50-61.60	8½-11c dis	−1.88	20-22 dis	−1.38
Denmark	11.05½-11.13	11.05½-11.06½	2-3ore dis	−2.70	5-6 dis	−1.98
W. Ger.	3.0560-3.0860	3.0585-3.0595	0.90-0.85pf pm	3.40	2.74-2.69 pm	3.51
Portugal	165½-167½	165½-167½	175-535c dis	−25.30	600-1450dis	−23.46
Spain	170.20-172.25	170.20-170.50	55-65c dis	−4.19	145-165 dis	−3.60
Italy	1,891-1,915½	1,891-1,892	9.10-9.60 lire dis	−5.87	24-25 dis	−5.13
Norway	8.89½-8.94	8.89½-8.94	2.55-3.45ore dis	−4.30	8.00-8.50dis	−3.69
France	9.36½-9.46½	9.36½-9.37½	1.40-1.50c dis	−1.84	3.50-3.80dis	−1.54
Sweden	8.77½-8.85½	8.77½-8.77¾	1½-2ore dis	−2.73	5-5½ dis	−2.39
Japan	246.35-247.55	246.35-246.45	0.60-0.56y pm	2.82	1.83-1.78 pm	2.92
Austria	21.50-21.76	21.50-21.53	2.50-1.60gro pm	7.13	9.00-7.00 pm	1.47
Switz.	2.5270-2.5580	2.5320-2.5330	0.99-0.93c pm	4.05	2.75-2.68 pm	4.27

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 62.10-62.20.

OTHER CURRENCIES

Dec. 4	£	$		£ Note Rates
Argentina Peso	180.50-180.80	149.67-149.78	Austria	26.00-26.30
Australia Dollar	1.4080-1.4100	1.1660-1.1680	Belgium	74.60-75.40
Brazil Cruzeiro	3,467.8-3,477.8	2,867.8-2,881	Denmark	13.30-13.44
Finland Markka	7.5633-7.7255	6.3950-6.3970	France	11.32-11.43
Greek Drachma	150.71-152.75	125.43-127.67	Germany	3.69¾-3.73¾
HongKong Dollar	9.4350-9.4460	7.8855-7.8885	Italy	2270-2310
Iran Rial	110.70*	93.25*	Japan	295 300
KuwaitDinar(KD)	0.36585-0.37125	0.30345-0.30355	Netherlands	4.17-4.21
Luxembourg Fr.	74.40-74.50	61.50-61.60	Norway	10.68-10.79
Malaysia Dollar	2.9080-2.9140	2.4120-2.4140	Portugal	197-210
New Zealand Dlr.	2.4695-2.4745	2.0490-2.0510	Spain	203-213
Saudi Arab Riyal	4.2935-4.2990	3.5605-3.5615	Sweden	10.52-10.65
Singapore Dollar	2.6100-2.6160	2.1650-2.1665	Switzerland	3.05-3.08
Sth African Rand	2.2057-2.2156	1.8300-1.8330	United States	1.19-1.21
U.A.E. Dirham	4.4280-4.4335	3.6720-3.6730	Yugoslavia	275-324

* Selling rates.

CURRENCY MOVEMENTS

Dec 4	Bank of England Index	Morgan Guaranty Changes %
Sterling	74.7	−15.5
U.S. dollar	142.2	+29.6
Canadian dollar	88.3	−3.5
Austrian schilling	111.1	+2.4
Belgian franc	89.6	−10.8
Danish Kroner	76.4	−6.4
Deutsche mark	121.1	+6.4
Swiss franc	140.2	+9.7
Guilder	110.9	+3.2
French franc	64.0	−16.1
Lira	46.7	−14.0
Yen	156.5	+18.0

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

CURRENCY RATES

Dec. 3	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.823615	0.601160
U.S. $	8½	0.969993	0.722474
Canadian $	10.75	*	0.955905
Austria Sch.	4½	21.6996	15.6981
Belgian Fr.	11	61.5769	44.9523
Danish Kr.	7	11.0186	8.03752
Dmark	4½	3.05984	2.23389
Guilder	5	3.45158	2.52071
French Fr.	9½	9.37514	6.84110
Lira	16½	1894.06	1380.65
Yen	5	245.070	178.487
Norwgn Kr.	8	8.84847	6.45350
Spanih Ptar.	⅛	170.178	124.239
Swedish K.	9	8.71581	6.35957
Swiss Fr.	4	2.52228	1.84209
Greek Dr'ch	20½	125.356	91.3134
Irish Punt	12¾	N/A	0.716811

*C$/SDR rate for December 3 1.30980.

EXCHANGE CROSS RATES

Dec. 4	Pound St'rling	U.S. Dollar	Deutsche m'k	J'panese Yen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.210	3.700	298.0	11.33	3.063	4.185	2288.	1.597	74.45
U.S. Dollar	0.827	1.	3.059	246.4	9.370	2.533	3.460	1892.	1.320	61.55
Deutschemark	0.270	0.327	1.	80.54	3.063	0.828	1.131	618.4	0.431	20.12
Japanese Yen 1,000	3.356	4.059	12.42	1000.	38.05	10.28	14.04	7678.	5.357	249.8
French Franc 10	0.882	1.069	3.265	263.0	10.	2.702	3.693	2019.	1.409	65.70
Swiss Franc	0.327	0.395	1.208	97.31	3.700	1.	1.367	747.1	0.521	24.31
Dutch Guilder	0.239	0.289	0.884	71.21	2.708	0.732	1.	546.7	0.381	17.79
Italian Lira 1,000	0.437	0.529	1.617	130.2	4.953	1.339	1.829	1000.	0.698	32.54
Canadian Dollar	0.626	0.758	2.318	186.7	7.098	1.918	2.621	1433.	1.	46.63
Belgian Franc 100	1.343	1.625	4.970	400.3	15.22	4.113	5.621	3073.	2.144	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Dec. 4	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	9⅜-9½	8⅞-9⅛	10¼-10¾	5⅞-5⅞	¾-1¼	5⅛-5⅝	10⅞-11⅞	14-15	10⅛-11	10⅝-10⅞	6¼-6⅞	11⅞-12
7 days' notice	9⅛-9⅞	8⅞-9⅛	10¼-10¾	5⅞-5⅞	1⅜-1⅝	5⅞-5⅞	10¾-11	14-15	10½-11	10⅝-10⅞	6⅛-6⅜	11⅝-12⅛
Month	9⅝-9¾	8⅞-9	10¾-10⅞	5⅝-5¾	4⅞-5⅛	5⅝-5¾	10¾-11	14¼-14¾	10½-11	10⅝-10⅞	6⅛-6⅞	11⅞-12⅜
Three months	9⅞-9⅞	9⅞-9⅞	10¾-10⅞	5⅞-5⅞	4⅞-5⅛	5⅝-5¾	10⅞-11⅛	14⅝-14⅞	10½-11	10⅝-10⅞	6⅛-6⅝	11⅝-12⅛
Six months	9¾-9⅞	9⅞-9⅞	10¾-10⅞	5⅞-6⅛	5-5⅛	5⅞-5⅞	11¼-11½	14⅝-15⅛	10½-11	10⅝-10⅞	6⅛-6⅜	11⅝-12⅛
One year	10-10⅛	10⅛-10⅛	10⅞-11⅛	6⅛-6⅛	5-5⅛	5⅞-5⅞	11⅞-12⅛	14⅝-15⅛	10¾-11¼	10⅝-10⅞	6⅛-6⅞	11½-12

Asian $ (closing rates in Singapore): Short-term $9\frac{3}{16}$-$9\frac{5}{16}$ per cent; seven days $9\frac{5}{16}$-$9\frac{7}{16}$ per cent; one month 9-9⅛ per cent; three months 9⅛-9⅜ per cent; six months $9\frac{9}{16}$-$9\frac{11}{16}$ per cent; one year 10⅜-10⅝ per cent. Long-term Eurodollars: two years 11-11⅛ per cent; three years 11⅜-11⅝ per cent; four years 11⅝-11⅞ per cent; five years 11⅞-12⅛ per cent nominal rates. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

FINANCIAL FUTURES

Slightly firmer

An easing of the Federal funds rate in New York and a decline in Eurodollar cash rates led to a slight improvement in the value of Eurodollar futures on the London International Financial Futures Exchange yesterday. The March contract opened firmer at 90.08, following buying in the Far East on the Singapore exchange. Demand continued in London, with the contract holding technical support levels. Early buying on the opening of Chicago soon ran out of steam, and after touching a peak of 90.16 March Eurodollars closed at 90.13, compared with 90.06 on Monday.

Sterling denominated contracts were boosted by the improvement of the pound against the dollar on the foreign exchanges.

After a fairly strong opening of 90.36 March sterling deposits closed at 90.38 against 90.33 previously. Volume was low with most activity involving switching from December to March delivery.

Gilts performed quite well, with December remaining the most active month. Traders were pleased the contract broke out of its recent trading range. After opening at 109-26 December gilts touched a peak of 110-07, before closing at 110-03 against 109-19 on Monday.

The FTSE index encountered some profit taking, and concern about the future direction of Wall Street. The adding of British Telecom to the index had no impact.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
Dec	90.66	90.66	90.61	90.60
March	90.13	90.16	90.08	90.06
June	89.67	89.68	89.61	89.60
Sept	89.27	89.29	29.23	29.20
Dec	88.89	88.91	88.86	88.83

Est volume 3,047 (2,807)
Previous day's open int 11,255 (11,314)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
Dec	90.25	90.27	90.23	90.22
March*	90.38	90.40	90.35	90.33
June*	90.27	90.27	90.22	90.18
Sept*	90.07	90.07	90.05	90.02
Dec*	89.91	89.85	89.80	89.77

Est volume 832 (574)
Previous day's open int 6,075 (6,100)
*£500,000 points of 100%

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
Dec	110-03	110-07	109-24	109-19
March	109-13	109-16	109-00	108-27
June	108-30	—	—	108-12
Sept	111-19	—	—	111-06
Dec	—	—	—	110-22

Est volume 2,831 (1,229)
Previous day's open int (3,133)
Basis quote (clean cash price of 13¾% Treasury 2003 less equivalent price of near futures contract) −2 to 06 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
Dec	1.2060	1.2075	1.2000	1.1930
March	1.2052	1.2070	1.2000	1.1925
June	1.2061	1.2061	1.2006	1.1932

Est volume 36 (51)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
Dec	0.3257	0.3262	0.3233	0.3216
March	0.3287	0.3290	0.3262	0.3246
June	—	—	—	0.3716

Est volume 162 (42)
Previous day's open int 331 (341)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
Dec	0.3947	—	—	0.3907
March	0.3991	—	—	0.3948

Est volume nil (nil)
Previous day's open int 514 (514)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Dec	0.4056	0.4066	0.4042	0.4031
March	0.4087	—	—	0.4061
June	—	—	—	0.4323

Est volume 1 (1)
Previous day's open int 349 (350)

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev
Dec	117.90	118.80	117.70	118.60
March	118.05	118.70	118.00	118.75
June	118.40	—	—	119.15

Est volume 254 (181)
Previous day's open int 898 (871)

U.S. TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev
Dec	72-01	72-05	71-31	72-00
March	71-08	71-14	71-06	71-07

Est volume 875 (859)
Previous day's open int 1,712 (1,754)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	71-28	72-06	71-28	71-25
March	71-06	81-15	81-05	71-02
June	70-17	70-25	70-17	70-14
Sept	70-01	70-08	70-01	69-29
Dec	69-18	69-24	69-18	69-14
March	69-06	69-09	69-06	69-02
June	68-23	68-24	68-19	68-23
Sept	68-13	68-20	68-11	68-13
Dec	67-28	—	—	60-04
March	67-28	—	—	67-28
June	67-25	67-25	67-25	67-21

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	91.55	91.60	91.54	91.55
March	91.23	91.28	91.19	91.20
June	90.81	90.85	90.76	90.77
Sept	90.45	90.48	90.43	90.40
Dec	90.10	90.13	90.10	90.07
March	89.83	89.83	89.80	89.76
June	—	—	—	89.50
Sept	89.25	89.25	89.25	89.25

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	90.98	91.02	90.93	90.91
March	90.48	90.53	90.47	90.41
June	90.00	—	90.00	89.95

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	90.61	90.64	90.60	90.55
March	90.11	90.16	90.07	90.02
June	89.62	89.67	89.62	89.55
Sept	89.22	89.28	89.22	89.16
Dec	88.87	88.92	88.87	88.79
March	88.53	88.56	88.53	88.46
June	88.23	88.23	88.23	88.16
Sept	—	87.92	—	87.88

STERLING (IMM) $s per £

	Latest	High	Low	Prev
Dec	1.2075	1.2090	1.2010	1.2020
March	1.2075	1.2075	1.2005	1.2015
June	1.2090	1.2090	1.2035	1.2045
Sept	1.2090	1.2090	1.2050	1.2065
Dec	1.2100	1.2100	1.1950	1.2070

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	69-02	69-05	69-00	68-30
March	68-07	68-12	68-07	68-05
June	67-21	57-23	67-19	67-17
Sept	67-01	67-01	66-29	67-01
Dec	66-18	56-24	66-17	66-16
March	—	—	—	—
June	65-27	66-01	65-27	65-25

MONEY MARKETS

London steady and quiet

Interest rates were little moved on the London money market yesterday, with the distortions caused to money flows by British Telecom still attracting most of the market's attention. Trading was very quiet and at present there seems to be little prospect of any early change in the interest rate structure. Any slight easing of rates was mainly attributable to the improvement of sterling against the dollar, and the pound's ability to remain above the $1.20 level.

Three-month interbank eased to 9¾ per cent from 9$\frac{13}{16}$ per cent,

UK clearing banks' base lending rate 9½-9¾ per cent since November 23.

while discount houses buying rates for three-month bank bills were unchanged at 9½ per cent.

Dealers suggested the apparent lack of sufficient assistance from the authorities reflected abundant funds available at attractive rates in early trading, and several houses were therefore able to fund their requirements at slightly below the current official dealing rates.

The Bank of England forecast a money market shortage of £350m in the morning, but changed this to £200m at noon, while total help on the day amounted to only £143m. Before lunch the authorities bought £37m bills outright, by way of £5m bank bills in band 2 (15-33 days maturity) at 9⅝ per cent; £5m bank bills in band 3 (34-63 days) at 9½ per cent; £11m local authority bills in band 4 (64-91 days) at 9½ per cent; and £16m bank bills in band 4 at 9⅜ per cent.

In the afternoon another £66m bills were purchased outright through £11m bank bills in band 2 at 9⅝ per cent; £35m bank bills in band 3 at 9½ per cent; and £20m bank bills in band 4 at 9⅜ per cent.

The assistance was completed when the Bank of England provided late assistance of around £40m.

The temporary facilities available for the banks from today until the end of the year, to help smooth the market through the period of distortion caused by the British Telecom issue, will be at the average mid-market rate for one month money of 9¾ per cent.

Main factors draining funds from the market yesterday were: bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills of £250m, and Exchequer transactions of £255m. These outweighed a fall in the note circulation adding £5m to liquidity, and banks balances above target by £165m.

MONEY RATES

Dec. 4	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.50-5.60	11⅛	2⅝-2⅝	5½-5⅝	6.34375	16⅞-17¼	7.55	14⅝-14⅝
One month	5.90-6.00	10¾-10⅞	5⅛ 5¼	5⅝-5¾	6.53125	16⅞-17¼	10⅝-10⅞	14⅞-15⅛
Two months	5.80-5.90	10¾-10⅞	—	—	—	—	—	14⅞-15⅛
Three months	5.75-5.90	10⅞ 10⅞	5 5⅛	5⅞-5	6.34375	16⅞-17¼	10½-10¾	14⅞-15⅛
Six months	5.75-5.90	10½-10⅝	—	5⅞ 6	—	—	10½-10¾	14¾-15
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	10¾	—	5¾	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Dec. 4 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	8½-9¾	9⅛-9¼	9-9¾	8¾-9¾	—	—	—	—	—
2 days notice	—	—	9⅛-9⅜	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	9¼-9⅜	9⅝-9½	9½-9⅝	9¼	—	—	—	—	—
One month	9⅞-9⅞	9⅝-9⅞	9⅝	9⅞	9½	9⅜	9⅞	9⅜	9⅞	10
Two months	9⅞-9⅞	9⅝-9¾	9⅝	9⅞	9⅝	9¼	9⅞	9¼	9⅞	9⅞
Three months	9⅞-9⅞	9⅞-9⅞	9¾	9⅞	9¼	9⅛	9⅞	9⅛	9⅞	9¾
Six months	9⅞-9⅞	9¾-9⅞	9¾	—	—	—	—	9⅞	9¼	9⅞
Nine months	9⅞-9¾	9⅞-10	—	—	—	—	—	—	—	—
One year	9⅞-9¾	9⅞ 10⅛	9⅞	—	—	—	—	—	—	—

Dec. 4 1984	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	10¼-10	—	9⅞	9.90-9.80	8⅛-8⅛	9⅞-9¾
Two months	10¼-10	—	9⅝	[illegible]	[illegible]	[illegible]
Three months	10¼-10	—	9⅝	[illegible]	[illegible]	[illegible]
Six months	10¼-10	—	9⅞	[illegible]	[illegible]	[illegible]
Nine months	10¼-9⅞	—	10	[illegible]	—	—
One year	10⅛-9⅞	10⅛	10	9.9-10.1	9⅛-9⅛	9⅞ 9⅞
Two years	—	10½	—	—	—	—
Three years	—	10⅞	—	—	—	—
Four years	—	11	—	—	—	—
Five years	—	11	—	—	—	—

ECGD Fixed Rate Export Finance IV: Average Rate of interest period November 7 to December 4, 1984 (inclusive): 9.904 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 10½ per cent from December 1 1984. London and Scottish Clearing Bank Rates for lending 9½-9¾ per cent. London Deposit Rates for sums at seven days' notice 6-6¼ per cent. Treasury Bills: Average tender rates of discount 9.0569 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 9¾ per cent; one-three months 9¾ per cent; three-six months 9¾ per cent; six-nine months 10 per cent; nine-12 months 10 per cent. Under £100,000 9¾ per cent from November. Deposits held under Series 5 10 per cent. The rate for all deposits withdrawn for cash 7 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. December 4)

3 months U.S. dollars

bid 9 1/4	offer 9 3/8

6 months U.S. dollars

bid 9 5/8	offer 9 1/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	11¼-11½
Broker loan rate	9¾-10½
Fed funds	9¼
Fed funds at intervention	—
Treasury Bills	
One month	7.98
Two month	8.10
Three month	8.50
Six month	8.60
One year	8.84
Treasury Bonds	
Two year	99¾
Three year	100¼
Four year	100⅜
Five year	98⅞
Seven year	103
10 year	100
30 year	101

Art Galleries

Company Notices

ROLINCO

With reference to the announcement published in The Times and Financial Times on 29 November 1984 concerning the Cash Dividend payable 7 December 1984, the rate of exchange for the payment of this dividend on both Rolinco N.V. Ordinary Shares of Fls. 10 (a' Fls. 1.60) and Sub-Shares registered in the name of National Provincial Bank (Nominees) Limited (at Fls. 0.16) is Fls. 4.1500 = £1.

(This information also corrects the advertisement mentioned above where it is stated in respect of the Ordinary Shares Fls. 10 that currency exchange will take place on the day of settlement).

UNITED KINGDOM RESIDENTS

The gross dividend is £0.38461538 per Ordinary Share of Fls. 10 (Coupon No. 26) and is subject to the following deductions:
15% Netherlands Tax: £0.05769231 per Share
15% United Kingdom Tax: £0.05769231 per Share
Net Payment: £0.26923076 per Share

NON-RESIDENTS OF THE UNITED KINGDOM

Where 25% Netherlands Tax is applicable, the following deductions apply:
25% Netherlands Tax: £0.09615385 per Share
25% U.K. Tax on Net Dividend (when applicable): £0.09615385 per Share
Net Payment: £0.19230768 per Share

Where 15% Netherlands Tax is applicable the calculations are as for United Kingdom Residents, but relief from United Kingdom Tax is immediately obtained provided that the appropriate Inland Revenue Affidavit is lodged with the claim.

Dividend entitlement on the Sub-Shares will be paid at one-tenth of the above amounts, less N. M. commission of £0.00048077 per Sub-Share.

Lazard Brothers Fund Managers (Channel Islands) Ltd.
P.O. Box 275, 16 Glategny Esplanade, St. Peter Port, Guernsey. 0481 21367

	Bid	Offered	Ann. grth.
Lazard Curr. Res. Fnd. £	10.00	10.01	8.375
Lazard Curr. Res. Fnd. US$	10.00	10.01	7.875
Lazard Curr. Res. Fnd. Y	3000	3010	4.75
Lazard Curr. Res. Fnd. DM	40.00	40.01	4.375
Lazard Curr. Res. Fnd. SF	30.00	30.01	0.575
Lazard Curr. Res. Fnd. FF	100.02	100.03	9.875

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for December 4.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex Credit 12⅝ 89	150	102½	103	0	+0¼	11.67
Austria Rep 13⅝ 92	100	108⅛	109⅝	0	+0½	11.86
Bank of Tokyo 13⅝ 91	100	107⅛	107⅝	0	+0⅞	11.90
Caisse Nat Tele 13¾ 91	100	106¾	107¼	−0⅛	−0½	12.18
Canadian Pac 12½ 99	75	101⅝	102⅛	+0⅛	−0⅛	12.21
Chevron U.S.A. 12¼ 89	600	101⅝	102⅛	+0⅛	−0⅜	11.78
Coastal Int 12¼ 88	125	101⅜	101⅞	+0⅛	−0⅜	11.59
Creditanstalt 13⅛ 91	100	104	104½	+0½	−0¼	12.10
Denmark Kingdom 13 91	100	103⅞	104⅜	−0¼	+0¼	12.08
Denmark Kingdom 13¼ 91	100	104⅜	104⅞	+0⅛	+0⅜	12.19
Denmark 13⅝ 88 XW	100	105⅜	105⅞	+0⅛	+0⅝	11.85
Denmark Kingdom 14 91	100	105⅝	106⅛	+0⅛	+0⅞	12.59
E.I.B. 12½ 90	100	102⅞	103⅜	−0¼	−0⅜	11.84
E.I.B. 12⅞ 94	100	105⅛	105⅝	0	−0⅛	11.86
E.I.B. 13 98	200	104⅛	104⅝	0	−0½	12.25
Ex-Im Bk Japan 13¼ 91	75	109⅛	109⅝	+0¼	+0⅜	11.12
Export Dev Corp 12 89	100	101½	102	+0⅛	−0¼	11.50
Florida Fed Sav 12⅞ 89	100	102¼	102¾	−0⅛	+0⅛	11.57
GMAC O/S Fin 13 89	200	100¼	100¾	0	0	12.49
IBM Credit Corp 11¾ 87	200	103¼	103¾	0	+0⅝	10.23
Indust Bk Japan 12⅞ 89	100	104½	105	+0¼	−0¼	11.51
Indust Bk Japan 13⅞ 91	125	109¼	109¾	+0⅛	+0½	11.60
Japan Air Lines 12½ 94	70	105¾	106¼	+0⅛	+0⅛	10.93
Japan Air Lines 13⅝ 94	100	110	110½	+0½	+0⅜	11.53
L.T.C.B. 12⅞ 91	100	103⅝	104⅛	+0⅛	+0¼	12.01
Mellon Bank 13 87	100	102½	103	0	−0¼	11.71
Merrill Lynch 12⅝ 89	100	101⅛	101⅝	+0⅛	−0⅛	12.33
Minnesota 11½ 87	100	100⅝	101⅛	−0⅛	−0½	11.10
Mitsubishi Corp 13¼ 89	100	105⅞	106⅜	−0⅛	−0½	11.44
Montagu 13¼ 91	100	104⅝	105⅛	+0⅛	−0⅛	12.11
Montreal, City 12½ 91	70	101¼	101¾	−0⅛	−0⅛	12.11
Morgan Guaranty 12¼ 89	150	101¼	101¾	+0⅛	0	11.74
Morgan Guaranty 12⅜ 89	150	101⅜	101⅞	+0⅛	0	11.89
Newfoundland Prov 13 91	75	103½	104	+0½	+0⅜	12.08
Nippon Cred Bk 13⅞ 89	100	105½	106	+0¼	−0¼	12.12
Nippon Tele 11⅞ 90	100	102½	103	+0⅛	+1⅛	10.84
Nova Scotia Pro 11¼ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nth America 12¾ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Penney J.C. 12¾ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Quebec Hydro 11½ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Quebec Province 12¾ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Reliance Petrm 12¾ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Rockefeller Grp 13¼ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Royal Bk of Can 11¼ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sears O/S Fin 11¾ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sec Pac O/S Fin 12 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shell 12 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shell 13¼ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Southern Pa 12¾ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden Kingdom 12⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Texaco Capital 12¾ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Texaco Capital 13½ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Texas Instr Int 11⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo Mtrl 12½ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Toronto Dom Bk 12½ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Walt Disney Pro 12½ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Weyerhaeuser 12¾ 87	150	[illegible]	[illegible]	[illegible]	[illegible]	11.62
World Bank 12⅞ 94	200	[illegible]	[illegible]	[illegible]	[illegible]	11.98
Yasuda TrstFin 12⅝ 89	100	[illegible]	[illegible]	[illegible]	[illegible]	12.82

Average price change On day [illegible] on week [illegible]

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Allied Chemical 7¼ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.28
Amca Int'l 8¼ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.61
Asian Dev Bank 8 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.66
Austria Republic 7⅝ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.33
Baxter Travenol 7¼ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.22
Credit National 8⅛ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.58
Degussa Int Fin 7⅞ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.71
E.E.C. 8 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.36
E.I.B. 8 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.25
Escom 8 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.85
Ferrovie Dello Stato 8 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.55
Finland Rep 7⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.36
Gould Int Fin 7⅜ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.36
Int Standard Ele 7⅜ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.88
Ireland 8¾ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.73
Japan Fin Corp 7⅝ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.17
Magal Fin 8⅛ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.79
Mitsubishi Hvy 3½ 89WW	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.54
Mitsubishi Hvy 3½ 89XW	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.81
O.K.B. 7¾ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.39
Pepsico O/S Fin 7⅝ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.98
Reynolds O/S Fin 8 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.13
Societe Cent Nuclear 8 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.35
Sth Africa Rep 8⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.90
World Bank 7⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.45
World Bank 8 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.34

Average price change On day [illegible] on week [illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bank 6⅛ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.81
Asian Dev Bank 6⅛ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.88
Council Europe 6⅜ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.32
Credit Foncier 6 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.84
E.I.B. 5⅞ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.92
Electric Power Dev 6 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.52
Euratom 6⅛ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.08
Eurofima 5⅝ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.16
Fiat 5¾ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.98
G.Q.Int 5⅝ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.34
Int-Am Dev Bk 6⅛ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.02
Japan Fin Corp 5¾ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.81
Japan Highway 5⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.88
Kansai Elc Power 6⅛ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.64
Manitoba Prov 5¾ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.32
New Brunswick 6⅛ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.46
New Zealand Govt 5¾ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.83
Quebec-Hydro 5⅞ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.38
Saxon Finance Ltd 6 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.78
Shikoku Elec Pwr 5¾ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.68
State Bk N.S.W. 5¾ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.83
Stadsforetag 6 92	75	†101¼	101½	−1	+0⅛	5.78
Total 5⅞ 94	80	†101	101¼	+0⅛	+0¼	5.72
Wang Lab 4¾ 99	200	†104½	104¾	0	−0½	4.32
World Bank 6⅛ 94	200	†103¾	104	+0⅜	+0⅜	5.58

Average price change On day 0 on week 0

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bk 7⅛ 94	15	100⅝	100⅞	0	+0½	7.27
Eurofima 7⅛ 94	10	101¼	101¾	0	+0¼	7.14
Int-Am Dev Bk 7½ 94	15	101¼	101¾	+0⅛	+0⅞	7.28
New Zealand 7⅛ 90	15	100⅝	100⅞	−0⅜	+0⅛	6.99
World Bank 7 94	20	99½	100	+0½	+0⅜	7.03

Average price change On day +0⅛ on week +0¼

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Chrysler Credit 14 91 CS	50	†103⅝	104⅛	+0⅛	−0⅛	13.10
Denmark Kingdom 13 89 CS	100	†101½	102	+0¼	+0¼	12.47
Fed Business 12½ 87 CS	50	†101⅞	102⅜	−0⅛	−0⅜	11.53
Maritime 13¼ 94 CS	30	†102⅝	103⅛	−0⅜	−0⅜	12.71
Metro Toronto 13 94 CS	50	†105⅛	105⅝	−0¼	+0⅛	12.01
Trizec Corp 13 89 CS	50	†100⅝	101⅛	−0⅛	−0⅛	12.72
Vienna City 13¼ 94 CS	82	†104⅝	105⅛	0	+1½	12.38
Winnipeg City 12⅝ 91CS	50	†102⅝	103⅛	−0⅛	−0⅛	12.08
World Bank 12¾ 91 CS	75	†103¾	104¼	−0½	−1¼	11.84
E.I.B. 10⅝ 90 ECU	50	102⅞	103⅜	0	+0¼	10.03
E.I.B. 11⅛ 94 ECU	50	105⅜	105⅞	−0⅛	0	10.24
LLI 11 88 ECU	80	102⅝	103⅛	+0⅛	+0½	10.24
Aegon 8¼ 89 FL	100	103⅝	104⅛	−0¼	−0¼	7.21
Algemene Bk 7¾ 89 FL	150	102½	103	0	+0⅛	7.06
Dai-Ichi 8½ 89 FL	50	101⅞	102⅜	0	−0⅛	7.92
Friesch-Gron 8⅛ 89 FL	50	101⅞	102⅜	+0⅛	+0¼	7.71
New Zealand 8¼ 89 FL	100	104	104½	0	+0¼	7.12
Charbonnages 13⅞ 85 FF	400	102⅝	103⅛	0	0	11.02
Air Canada 11⅛ 94 £	40	101¼	101¾	−0⅛	−0⅛	10.96
Cred Europe 11⅞ 92 £	50	99¾	100¼	−0¼	+0⅛	11.35
Denmark 10¾ 89 £	75	97⅞	98⅜	0	−0¼	11.28
Denmark 11⅞ 94 £	75	101½	102	0	0	11.55
E.E.C. 11⅛ 94 £	50	101⅛	101⅝	−0⅛	−0⅛	11.11
E.I.B. 10¾ 92 £	50	97	97½	+0⅛	0	11.31
ICI Finance 8½ 99 £	100	102	102½	0	0	8.23
Ireland 11⅞ 94 £	50	98	98½	0	+0⅛	11.66
New Zealand 10⅞ 89 £	100	97½	98	−0⅛	−0⅛	11.26
O.K.B 12¼ 91 £	30	103⅝	104⅛	−0⅛	0	11.34
Royal Trustco 12⅛ 89 £	30	103¼	103¾	+0⅛	0	11.19
SNCF 11⅛ 94 £	60	99½	100	+0⅛	−0⅛	11.27
Sth Africa Rep 12½ 89£	40	†100½	101	0	0	12.22
United Tech 11¾ 89 £	35	103⅞	104⅜	+0⅛	0	10.58
World Bank 10⅝ 89 £	100	98⅝	99⅛	+0¼	+0⅛	10.92
E.C.S.C. 10½ 94LF	100	101½	102½	+0¼	+0⅛	10.15
Nat Lux Alum 10½ 92 LF	600	102	103	+0⅛	+0⅜	10.01

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
B.B.L. Int 5 99	0⅛	100	100¼	11/4	11.69	11.67
BankAmerica O/S 5¼ 96	0½	100	100¼	28/12	11⅝	11.61
Bank of Montreal 5 96	0⅛	100	100¼	26/1	10¼	10.24
Bankers Trust 5¼ 96	0⅛	100¼	100½	10/11	12.06	12.02
Barclays O/S Inv 5 2004	0⅛	100⅛	100½	2/3	12.31	12.27
Belgium 5 2004	0⅛	100¼	100½	11/4	13⅛	13.08
B.F.C.E. 5¼ 89	0⅛	100⅜	100⅝	13/3	12.19	12.13
BFG Fin 5¼ 96	0⅛	99¼	99½	1/12	12¼	12.33
B.N.P. 5¼ 96 (July)	0¼	100⅛	100⅜	21/1	12.84	12.84
Citicorp O/S 5¼ 96 Sep	0⅛	99⅞	99⅝	19/12	11.19	11.24
Credit Lyonnais 5¼ 98	0⅛	100½	100¾	14/10	5⅛	5.22
Dai-Ichi Kangyo 5¼ 96	0⅛	100	100¼	18/11	12⅛	12.11
Dresdner Fin 5¼ 89	0	99⅞	100⅛	23/11	12	12.00
E.D.F. 5⅛ 99	0⅛	100⅛	100⅜	23/2	12⅜	12.34
Ireland 5¼ 99	0⅛	100⅛	100⅜	14/3	12⅜	12.31
Italy, Republic 5 94	0⅛	99⅞	100⅛	9/5	9.94	9.94
Lloyds Euro 5 2004 §	0⅛	99⅞	100⅛	18/4	11½	11.50
McCord Int Fin 5 99 §	0⅛	100¼	100½	6/3	12⅜	12.33
Mort Bk Denmark 5¼ 99	0⅛	97½	97¾	11/11	11⅞	12.16
Nat West-Perp 5 89	0⅛	100⅛	100⅜	10/11	12.44	12.38
Queensland Coal 5⅛ 98	0⅛	100⅜	100⅝	9/11	11⅝	11.57
Sweden Perp 5¼ 85	0¼	100⅝	100⅞	9/2	13¼	13.18
Takugin 5¼ 94 §	0⅛	100½	100¾	15/3	12¼	12.17
Tokai 5¼ 99	0⅛	100¼	100½	12/12	12½	12.45
Toyo 5¼ 99	0⅛	100¼	100½	14/12	12⅝	12.58

Average price change On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	853.84	87⅞	88⅝	+1⅛	1.62
Fanuc 3¾ 98	1/84	7032.3	155⅝	156⅞	+0⅝	2.02
Fujitsu 3 99	5/84	1320.5	102⅛	103⅛	+0⅜	8.44
Honda Motor 5⅛ 98	6/83	884	128⅛	129⅝	−0½	0.34
Konishiroku Photo 4 98	10/83	673	82½	83½	+0⅛	3.00
Marui 3½ 99	7/84	1182	87⅛	88⅛	+0⅜	−0.11
Minebea Co Ltd 5½ 98	5/83	867	104⅛	105⅛	+0⅛	0.42
Mitsubishi Elec 5⅛ 98	6/83	386	99⅜	100⅜	+0½	1.84
Murata 3½ 99	2/84	2361.2	102⅛	103⅛	+0⅜	0.28
Murata 3½ 2000	7/84	2398	100⅝	101⅝	+0⅜	1.39
Nippon Oil Co 3¼ 99	3/84	1052	88⅛	89⅛	+2⅛	10.63
Nissan Motor 5⅛ 98	4/83	636.4	88⅝	89⅝	+0⅛	−0.71
Olo Elec Ind 3½ 99	10/84	805	92	93	+0⅜	4.01
Orient Leasing 5⅛ 98	6/83	2880	119⅝	121⅛	+1⅛	2.53
Secom 3¾ 99	10/84	5434	95⅛	96⅛	+0⅜	6.18
Sekisui House 3 99	6/84	612	88⅝	89⅝	+0⅛	−0.83
Sumitomo Corp 2⅞ 99	5/84	583	91⅞	92⅞	+1⅛	1.84
Takeda Riken 3¾ 2000	10/84	7063	97	98	+0½	6.66
Tokyo Sanyo Elec 3½ 99	12/84	772	97⅞	98⅛	+3⅛	9.52
Yamanouchi Pharm'cal 4 90	10/83	1483.2	127⅞	128⅞	+3	0.72
Nippon Oil Co 2⅞ 92 SF	3/84	1052	*†107⅞	108⅝	0	15.94
Nippon Shinpan Co 2 92 SF	3/84	881	†95½	97½	+0⅛	20.81
Sansui Paper 2⅛ 92 SF4/84	677	*	148¼	149	0	−2.46
Asics 5 92 DM	12/83	520	101⅜	102⅜	−0⅜	23.79
Sato Realty 6¼ 92 DM	2/83	365	191¼	192¼	+3⅛	−2.29

* No information available-previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. Cu. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

CAPITAL MARKETS

Lasmo convertible taps rich deposits

BY MAGGIE URRY IN LONDON

LONDON and Scottish Marine Oil (Lasmo) struck a reservoir of Eurodollars yesterday when it launched a convertible bond issue. Citicorp International Bank and Morgan Grenfell were lead managers for the $45m deal, which traded above par in the grey market.

The 15-year bond is expected to have a coupon of 9¾ per cent and a conversion premium of 12½ to 15 per cent when final terms are set on December 14. Fees totalled 2½ per cent.

Lasmo's deal yesterday was the brightest spot in the Eurodollar market, which is already winding down for Christmas – and for year-end balance sheets. Prices in the secondary market were little changed.

Credit Suisse First Boston launched a $50m floating rate note for First Boston. The 10-year bond has a put option after seven years and pays ⅛ per cent over the six-month London interbank rate for Eurodollars. Total fees are 65 basis points, and the bonds traded well inside that and the 35 basis-point selling concession, at 99.80.

Another row has blown up in the Euroyen market over commission structures. Daiwa Securities is lead-managing a 10-year, Y20bn issue for the World Bank, paying total fees of 1¾ per cent. U.S. houses have been trying to keep fees in line with the dollar bond scale, which would indicate 2 per cent for a 10-year issue.

The Japanese securities houses, however, agreed among themselves on 1¾ per cent for 10-year deals done by international agencies like the World Bank, and this has been the amount paid by the World Bank for previous issues.

The pricing of the deal was also blamed for its poor reception. The World Bank has an outstanding 10-year Euroyen issue with a 7 per cent coupon which is trading around 98⅞. This issue has an indicated coupon of 6⅞ per cent and issue price of 99½.

Daiwa Europe also brought a 10-year Y12.5bn issue for Goodyear Tires, which was not actively traded. The 6⅞ per cent coupon was thought to be on the low side compared with other Euroyen issues as well. Fees on that were an acceptable 2 per cent though.

Herlitz Financiering, the West German paper company, got in on the fashion for equity warrants in the D-Mark bond market through a DM 50m bond issue made by its Dutch subsidiary. The 10-year bonds have a 3 per cent coupon and par issue price. Each bond has two warrants to buy a total of five shares at DM 218, the same level as in the equity market. The issue, lead managed by Deutsche Bank, was bid at 103.

D-Mark bonds saw more active trading yesterday on the back of a weaker dollar and better New York bond market. Prices rose by ⅛ to ¼ point.

Issues ruling on commercial paper

BY PAUL TAYLOR IN NEW YORK

THE LONG running and bitter battle between the U.S. banking and securities industries over banks' attempts to garner a share of the booming commercial paper market has moved a step closer to resolution.

The U.S. Federal Reserve Board, in a letter made public yesterday, said it considered that Bankers Trust, the New York bank holding company which led the banking industry's push into the commercial paper business, may have violated federal law, at least until 1980, because of the way it distributed the short-term corporate paper.

Banks claimed the preliminary ruling as a victory, however, since it does not ban them from distributing commercial paper – a market which totals over $259bn in outstanding paper – and appears to leave loopholes which will allow them to continue the business.

The dispute revolves around the issue of whether banks, in handling and placing corporate commercial paper, are underwriting a security. U.S. banks are barred from underwriting securities under the Glass-Steagall Act, and earlier this year the Supreme Court handed Wall Street securities firms an apparent victory by ruling that commercial paper is indeed a security.

IRI Eurocredit terms settled

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

ITALY'S state holding company Istituto per la Ricostruzione Industriale (IRI) has assembled a group of 15 banks to lead its planned Ecu 300m 10-year credit in the Euromarkets.

Under terms of an offer sent by the bank group to IRI yesterday, the credit will as expected bear a margin of ¼ per cent for two years rising to ⅜ per cent. A feature of the conditions is transferable loan certificates which will facilitate the sale of the transaction in the secondary market.

Agent on the deal will be Citicorp. Other lead managers with specific roles include: Lloyds Bank International, which will run the books; Morgan Guaranty (documentation); Credit Lyonnais (signing ceremony); and Industrial Bank of Japan (Japanese co-ordinator).